

**ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672**

**10327 HOUSE LABOR & COMMERCE**

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(b) The department shall adopt regulations, consistent with the provisions of this chapter, establishing the procedures for appeals allowed under (a) of this section.

(c) The provisions of AS 44.62 (Administrative Procedure Act), including judicial review under AS 44.62.560, apply to an appeal under this chapter to the extent the provisions of AS 44.62 do not conflict with the procedures established under (b) of this section or other provisions of this chapter.

**Sec. 06.26.920. Civil enforcement.** The department may bring any appropriate civil court action against a person who the department determines has committed or is about to commit a violation of this chapter.

**Sec. 06.26.930. Trust company reports to the department; publication of reports.** (a) A trust company shall make at least four reports of its condition each year to the department as required by and on forms prescribed by the department. Each report shall be signed by a duly authorized officer of the trust company verified by at least one independent director, and each verifying director shall certify under oath that the director has personal knowledge of the facts stated in the report and that the facts are true. Each report must exhibit in detail and under appropriate headings the resources and liabilities of the trust company and must be received by the department within 30 calendar days after the end of the period covered by the report.

(b) The department may require that a trust company submit special reports whenever the department considers a report necessary in order to obtain full knowledge of the trust company's condition.

(c) In addition to the other reports required by this section, a trust company shall make at least one report of income and dividends to the department each year. The trust company shall submit the report to the department within 30 calendar days after the end of the calendar or fiscal year covered by the report.

(d) All of the reports of condition required by this section shall be made available to all customers on request and at no charge to the customer.

**Sec. 06.26.940. Remedy of person damaged by violation.** In addition to any other remedies available under law to the person, a person who suffers damages as a result of a violation of this chapter by a person subject to this chapter may bring an action in court against the person violating this chapter to recover the damages. In this

1 section, "person subject to this chapter" means a trust company, a private fiduciary, an  
2 exempt private fiduciary, a person who is required to obtain a certificate of authority  
3 under AS 06.26.090, and an interstate state trust company or international trust  
4 company.

5 **Sec. 06.26.950. Limitation on powers.** This chapter does not allow a trust  
6 company to engage in banking.

7 **Article 13. General Provisions.**

8 **Sec. 06.26.960. Application of laws relating to general business**  
9 **corporations.** (a) Unless expressly authorized by this chapter, a trust company may  
10 not take an action that is authorized by AS 10.06 regarding its corporate status, capital  
11 structure, or a matter of corporate governance and for which AS 10.06 requires a filing  
12 with the department unless the trust company first makes the required filing with the  
13 department and receives the department's approval.

14 (b) The department may adopt regulations to alter or supplement the  
15 procedures and requirements of AS 10.06 applicable to an act taken under this chapter  
16 by a trust company.

17 **Sec. 06.26.990. Definitions.** (a) In this chapter, unless the context otherwise  
18 requires,

19 (1) "banking" has the meaning given in AS 06.05.990;

20 (2) "board" means board of directors;

21 (3) "certificate of authority" means the certificate of authority issued to  
22 a corporation under AS 06.26.110;

23 (4) "chapter" includes regulations adopted under this chapter;

24 (5) "commissioner" means the commissioner of community and  
25 economic development;

26 (6) "customer" means a person using the services of a trust company or  
27 a private fiduciary, and includes a depositor;

28 (7) "department" means the Department of Community and Economic  
29 Development;

30 (8) "depository" means a person authorized by state or federal law to  
31 accept deposits of trust assets;

1 (9) "exempt private fiduciary" means a private fiduciary that has  
2 received an exemption under AS 06.26.200;

3 (10) "family member" means an individual who is related, including  
4 relation established by adoption, within the fourth degree by blood or marriage, to the  
5 individual whom the relationship is measured;

6 (11) "fiduciary" means a person to whom the property of another  
7 person is entrusted for a purpose specified in a trust instrument or by a court order;

8 (12) "fiduciary operations" means operations performed by a fiduciary;

9 (13) "fiduciary services" means services of a fiduciary;

10 (14) "financial institution" has the meaning given in AS 06.05.990;

11 (15) "governmental regulator" means a governmental agency  
12 responsible for regulating persons who act as fiduciaries;

13 (16) "home jurisdiction regulator" means the governmental agency  
14 responsible for regulating an interstate state trust company, interstate national trust  
15 company, or international trust company in the jurisdiction where the trust company is  
16 chartered or otherwise organized;

17 (17) "insider" has the meaning given in 12 C.F.R. 215.2;

18 (18) "international trust company" means an organization that provides  
19 fiduciary services and has offices in countries other than the country in which the  
20 home office of the entity is located;

21 (19) "interstate national trust company" means an organization

22 (A) that is chartered as a bank by the United States;

23 (B) whose powers are limited to providing fiduciary services;

24 and

25 (C) that has offices in a state of the United States other than the  
26 state in which the home office of the organization is located;

27 (20) "interstate state trust company" means an organization that

28 (A) provides fiduciary services;

29 (B) holds a charter, license, certificate, or other type of  
30 authorization from this or another state of the United States that authorizes the  
31 organization to provide fiduciary services; and

1 (C) has offices in a state of the United States other than the  
2 state in which the home office of the organization is located;

3 (21) "issuer" has the meaning given in AS 45.55.990;

4 (22) "national bank" has the meaning given in AS 06.05.990;

5 (23) "offer fiduciary services to the general public" means to advertise  
6 fiduciary services, solicit fiduciary services work, or market fiduciary services in any  
7 medium, including an electronic medium, regardless of whether a fee, commission, or  
8 any other type of remuneration is charged or received;

9 (24) "private fiduciary" means a person who acts as a fiduciary, is not  
10 exempt under AS 06.26.020(a) or (c), and does not offer fiduciary services to the  
11 general public;

12 (25) "purchasing trust company" means a trust company purchasing all  
13 or substantially all of the assets of another trust company;

14 (26) "representative office" means an office that provides support  
15 services for a trust company, but at which the trust company does not provide  
16 fiduciary services;

17 (27) "resident of this state" means an individual who is physically  
18 present in Alaska and who intends to remain indefinitely in Alaska;

19 (28) "selling trust company" means a trust company selling all or  
20 substantially all of its assets;

21 (29) "state bank" has the meaning given in AS 06.05.990;

22 (30) "state financial institution" means an institution organized under  
23 this title if the deposits of the institution are insured by an agency of the federal  
24 government;

25 (31) "trust account" means an account at a trust company for trust  
26 assets;

27 (32) "trust assets" means assets held in trust for another person;

28 (33) "trust company" means a person who is organized under this  
29 chapter to act as a fiduciary and to provide fiduciary services to the general public;

30 (34) "trust company assets" means assets that are not trust assets and  
31 that are owned by a trust company;

1 (35) "trust holding company" means an organization formed for the  
2 purpose of owning a trust company;

3 (36) "trust office" means an office that provides fiduciary services;

4 (37) "within the fourth degree" means a child, a grandchild, a great-  
5 grandchild, a parent, a sister, a brother, a niece, a nephew, a grandniece, a  
6 grandnephew, a grandparent, an aunt, an uncle, a first cousin, a great-grandparent, a  
7 great-aunt, a great-uncle, and a great-great-grandparent.

8 (b) In AS 06.26.220, 06.26.450 - 06.26.470, 06.26.510, 06.26.860, and  
9 06.26.880, "control" means owning, or holding with the power to vote, 25 percent or  
10 more of the voting securities or other capital stock.

11 **Sec. 06.26.995. Short title.** This chapter may be cited as the Revised Alaska  
12 Trust Company Act.

13 \* **Sec. 3.** AS 13.36.025 is amended by adding a new subsection to read:

14 (b) The provisions of (a) of this section are not intended to override any  
15 provision of AS 06.26, and AS 06.26 governs to the extent of any conflict.

16 \* **Sec. 4.** AS 13.36.320(a) is amended to read:

17 (a) If at least one qualified person serves as trustee of a trust whose state  
18 jurisdiction provision is valid, effective, and conclusive under AS 13.36.035(c), then  
19 the following persons also may serve as trustees even though they are not qualified  
20 persons:

21 (1) individuals who do not reside in the state [ALASKA];

22 (2) trust companies that have their principal place of business outside  
23 the state [OF ALASKA] and that are not organized under AS 06.26 [AS 06.25]; and

24 (3) banks that have their principal place of business outside the state  
25 [OF ALASKA] or that are not organized under AS 06.05.

26 \* **Sec. 5.** AS 13.36.390(2) is amended to read:

27 (2) "qualified person" means

28 (A) an individual who, except for brief intervals, military  
29 service, attendance at an educational or training institution, or for absences for  
30 good cause shown, resides in this state, whose true and permanent home is in  
31 this state, who does not have a present intention of moving from this state, and

1 who has the intention of returning to this state when away;

2 (B) a trust company that is organized under AS 06.26  
3 [AS 06.25] and that has its principal place of business in this state; or

4 (C) a bank that is organized under AS 06.05, or a national  
5 banking association that is organized under 12 U.S.C. 21 - 216d, if the bank or  
6 national banking association possesses and exercises trust powers and has its  
7 principal place of business in this state;

8 \* **Sec. 6.** AS 21.66.250 is amended to read:

9 **Sec. 21.66.250. Trust funds.** Except as provided in AS 34.80, trust funds or  
10 assets held in a fiduciary capacity by a title insurance company that is authorized to do  
11 a trust business shall be invested in accordance with AS 06.26 [AS 06.25].

12 \* **Sec. 7.** AS 34.77.100(a) is amended to read:

13 (a) An arrangement is a community property trust if one or both spouses  
14 transfer property to a trust, the trust expressly declares that some or all the property  
15 transferred is community property under this chapter, and at least one trustee is a  
16 qualified person whose powers include or are limited to maintaining records for the  
17 trust on an exclusive or a nonexclusive basis and preparing or arranging for the  
18 preparation of, on an exclusive or a nonexclusive basis, any income tax returns that  
19 must be filed by the trust. A community property trust is enforceable without  
20 consideration. Both spouses or either spouse may be a trustee. The trust must be  
21 signed by both spouses. In this subsection, "qualified person" means

22 (1) an individual

23 (A) who, except for brief intervals, military service, attendance  
24 at an educational or training institution, or absences for good cause shown,  
25 resides in this state;

26 (B) whose true and permanent home is in this state;

27 (C) who does not have a present intention of moving from this  
28 state; and

29 (D) who intends to return to this state when away;

30 (2) a trust company that is organized under AS 06.26 [AS 06.25] and  
31 that has its principal place of business in this state; or

1 (3) a bank that is organized under AS 06.05 or a national banking  
2 association that is organized under 12 U.S.C. 21 - 216d if the bank or national banking  
3 association possesses and exercises trust powers and has its principal place of business  
4 in this state.

5 \* Sec. 8. AS 06.25.010, 06.25.020, 06.25.030, 06.25.040, 06.25.050, 06.25.080, 06.25.085,  
6 06.25.090, 06.25.100, 06.25.105, 06.25.110, 06.25.120, 06.25.130, 06.25.140, 06.25.150,  
7 06.25.160, 06.25.170, 06.25.180, 06.25.190, 06.25.200, 06.25.210, 06.25.215, 06.25.220,  
8 06.25.230, 06.25.240, 06.25.255, 06.25.260, 06.25.270, 06.25.280, 06.25.290, 06.25.300,  
9 06.25.310, 06.25.315, and 06.25.350 are repealed.

10 \* Sec. 9. The uncodified law of the State of Alaska is amended by adding a new section to  
11 read:

12 COURT RULE CHANGE. (a) AS 06.26.020(d), enacted by sec. 2 of this Act,  
13 amends Rules 7.2 and 7.3, Alaska Rules of Professional Conduct, by prohibiting certain  
14 advertising and solicitation by certain exempt attorneys and their law firms.

15 (b) AS 06.26.760(b)(2), enacted by sec. 2 of this Act, amends

16 (1) Rule 6, Alaska Rules of Civil Procedure, by postponing the deadlines for  
17 the filing of pleadings and other documents by a trust company in a civil action when the  
18 Department of Community and Economic Development has taken possession of the trust  
19 company;

20 (2) Rule 12, Alaska Rules of Civil Procedure, by postponing the deadlines for  
21 serving an answer to a complaint, a third-party answer, a reply to a counterclaim, a cross-  
22 claim, and an answer to a cross-claim by a trust company in a civil action when the  
23 Department of Community and Economic Development has taken possession of the trust  
24 company;

25 (3) Rule 40, Alaska Rules of Criminal Procedure, by postponing the deadlines  
26 set in the Alaska Rules of Criminal Procedure for the filing of documents by a trust company  
27 in a criminal action when the Department of Community and Economic Development has  
28 taken possession of the trust company;

29 (4) Rule 204, Alaska Rules of Appellate Procedure, by postponing the  
30 deadlines for the filing of appeals to the supreme court and the court of appeals by a trust  
31 company when the Department of Community and Economic Development has taken

1 possession of the trust company;

2 (5) Rule 403, Alaska Rules of Appellate Procedure, by postponing the  
3 deadline for the filing of petitions for review or cross-petitions for review by a trust company  
4 when the Department of Community and Economic Development has taken possession of the  
5 trust company;

6 (6) Rule 502, Alaska Rules of Appellate Procedure, by postponing the  
7 deadlines set in the Alaska Rules of Appellate Procedure for the filing of documents by a trust  
8 company when the Department of Community and Economic Development has taken  
9 possession of the trust company;

10 (7) Rule 602, Alaska Rules of Appellate Procedure, by postponing the  
11 deadlines for the filing of appeals to the superior court from a district court or an  
12 administrative agency by a trust company when the Department of Community and Economic  
13 Development has taken possession of the trust company;

14 (8) Rule 611, Alaska Rules of Appellate Procedure, by postponing the  
15 deadlines set in the Alaska Rules of Appellate Procedure for the filing of petitions for review  
16 to the superior court from a district court of an administrative agency by a trust company  
17 when the Department of Community and Economic Development has taken possession of the  
18 trust company.

19 \* **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to  
20 read:

21 **TRANSITION.** (a) The certificate of authority of a trust company incorporated under  
22 former AS 06.25 before January 1, 2002, remains in effect until the department either issues  
23 the trust company an amended certificate of authority under (c) of this section or revokes the  
24 certificate of authority issued under former AS 06.25 under (d) of this section.

25 (b) An existing trust company shall, before April 1, 2002, submit to the department, if  
26 the capital of the trust company

27 (1) meets the minimum capital requirements, a request that the department  
28 issue the trust company an amended certificate of authority; the request must be accompanied  
29 by

30 (A) a statement signed under oath by an officer of the trust company  
31 that the capital of the trust company meets the minimum capital requirements; and

1 (B) a copy of a balance sheet for the trust company showing that the  
2 capital of the trust company meets the minimum capital requirements; or

3 (2) does not meet the minimum capital requirements, a plan acceptable to the  
4 department to meet the minimum capital requirements before January 1, 2007, and a request  
5 that the department issue the trust company an amended certificate of authority.

6 (c) Notwithstanding AS 06.26.110(a), enacted by sec. 2 of this Act, upon satisfaction  
7 of the requirements of (b)(1) or (2) of this section by an existing trust company, the  
8 department shall issue the trust company an amended certificate of authority under AS 06.26,  
9 enacted by sec. 2 of this Act.

10 (d) The department may revoke the certificate of authority issued to an existing trust  
11 company under former AS 06.25 if the trust company fails to comply with the submittal  
12 requirements of (b) of this section that apply to the trust company.

13 (e) If the department issues, under (c) of this section, an amended certificate of  
14 authority to an existing trust company that submitted a plan under (b)(2) of this section, the  
15 department may revoke the amended certificate of authority if the trust company fails to meet  
16 the minimum capital requirements before January 1, 2007.

17 (f) In this section,

18 (1) "department" means the Department of Community and Economic  
19 Development;

20 (2) "existing trust company" means a trust company that has a certificate of  
21 authority issued under former AS 06.25 before January 1, 2002;

22 (3) "minimum capital requirements" means the minimum capital requirements  
23 under AS 06.26.120(a), enacted by sec. 2 of this Act.

24 \* Sec. 11. The uncodified law of the State of Alaska is amended by adding a new section to  
25 read:

26 TRANSITION: REGULATIONS. The Department of Community and Economic  
27 Development may proceed to adopt regulations necessary to implement the changes made by  
28 secs. 1 - 8 of this Act. The regulations take effect under AS 14.62 (Administrative Procedure  
29 Act), but not before January 1, 2002.

30 \* Sec. 12. Sections 10 and 11 of this Act take effect immediately under AS 01.10.070(c).

31 \* Sec. 13. Except as provided in sec. 12 of this Act, this Act takes effect January 1, 2002.

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 157  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 03/27/2001 4:15p.m. Dept. Affected: DCED  
 Title: Trust Companies & Fiduciaries BRU: BSC  
 Component: Banking, Securities & Corporations  
 Sponsor: Representative Murkowski Component Number: 1233  
 Requester: House Labor & Commerce

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation will give the division a detailed, modernized, up-to-date, trust act with which to supervise and regulate trust companies in Alaska.

The legislation will provide the formation, operation, supervision and regulation for trust companies operating in Alaska. It clarifies who must be chartered, and who will not need a charter, dependent upon the business being conducted, and for whom the trust services are provided. In addition it will provide for interstate trust activities.

The department does not anticipate any fiscal impact with this proposed legislation.

Prepared by: Franklin T. Elder, Director Phone 907-465-2521  
 Division: Banking, Securities & Corporations Date/Time 03/27/2001 4:15p.m.  
 Approved by: Commissioner Deborah B. Sedwick Date 3/27/2001  
 Agency: Department of Community and Economic Development

For distribution information, call the Governor's Legislative Office

# FISCAL NOTE

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Dept. Affected: DCED  
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Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

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This legislation will give the division a detailed, modernized, up-to-date, trust act with which to supervise and regulate trust companies in Alaska.

The legislation will provide the formation, operation, supervision and regulation for trust companies operating in Alaska. It clarifies who must be chartered, and who will not need a charter, dependent upon the business being conducted, and for whom the trust services are provided. In addition it will provide for interstate trust activities.

The department does not anticipate any fiscal impact with this proposed legislation.

Prepared by: Franklin T. Elder, Director  
 Division: Banking, Securities & Corporations  
 Approved by: Commissioner Deborah B. Sedwick  
 Agency: Department of Community and Economic Development

Phone 907-465-2521  
 Date/Time 03/27/2001 4:15p.m.  
 Date 3/27/2001

For distribution information, call the Governor's Legislative Office



Tony Knowles, Governor

**Department of Community  
and Economic Development**

**Division of Banking, Securities, and Corporations**

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March 15, 2001

The Honorable Lisa A. Murkowski  
Chairperson, House Labor & Commerce Committee  
State Capitol Room 408  
Juneau, AK 99801-1182

Dear Chairperson Murkowski:

RE: Request clarifying amendments to HB 157

The Division of Banking, Securities, and Corporations thanks you for introducing HB 157 and looks forward to its first hearing in the House Labor and Commerce Committee. Since its introduction, we have reconsidered four of the exemptions in Sec. 2, page 3, (Section 06.26.020) of the bill. Our concern with the current language in these paragraphs is that they depend on a somewhat ambiguous phrase, "solely incidental." We believe it would be to everyone's benefit to be clearer in describing exactly who is exempt in these paragraphs. For that reason, we ask the committee to consider the following amendments to HB 157:

**1. (Section 2, page 3, lines 3-5) Replace language in lines 3-5 (Sec. 06.26.020(1)) with the following language:**

is licensed to practice law in this state, is acting within the scope of the license, and neither the attorney, or the attorney's law firm, is trustee of more than 50 trusts;

**2. (Section 2, page 3, lines 10-14) Replace language in lines 10-14 (Sec. 06.26.020(4)) with the following language:**

engages in a securities transaction or provides an investment advisory service as a licensed and registered broker-dealer, agent of a broker-dealer, state investment adviser, investment adviser representative, or noticed federal covered adviser provided the person is acting within the scope of the notice filed or the license conferred and the activity is regulated by the Department of Community and Economic Development under AS 45.55 or by the U.S. Securities and Exchange Commission;

**3. (Section 2, page 3, lines 15-18) Replace the language in lines 15-18 (Sec. 06.26.020(5)) with the following language:**

engages in the sale and administration of an insurance product as an insurance company licensed under AS 21 or an insurance producer licensed under AS 21;

**4. (Section 2, page 3, lines 22-25) Replace the language in lines 22-25 (Sec. 06.26.020(8)) with the following language:**

renders services customarily performed by a certified public accountant licensed under AS 08 in a manner authorized by law, and neither the certified public accountant or the certified public accountant's firm is trustee of more than 50 trusts;

The amendment language draws heavily on language developed by the Conference of State Bank Supervisors (CSBS), and provides more clarity to the division and the public about who is exempt from the provisions of AS 06.26. Thank you for your consideration of HB 157 and of these requested amendments. We look forward to working with your committee on this legislation.

Yours truly,



Franklin T. Elder  
Director



## MEMORANDUM

TO: To Whom It May Concern

FROM: Douglas J. Blattmachr

CC: Richard Hompesch, Esq., David Shaftel, Esq., Bob Manley, Esq.,  
Jonathan G. Blattmachr, Esq.

DATE: March 28, 2001

RE: House Bill 157

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In reviewing this bill again, we have some recommendations that we feel will clarify issues and also help to bring business to the financial community in Alaska.

- On page 4, lines 1, 2, 3 and 4 should be deleted because they seem to contradict and exempt the provisions of Article 4, Private Fiduciaries, starting on page 16, line 14.
- The definition on page 4, subparagraph 18, lines 27, 28 and 29, seem to be confusing. We believe the exemption was intended to limit the number of trusts an individual could act as trustee for, to those set up by ten different settlors. We interpret this exemption to say that as long as the trust has less than ten settlors, there is no limit on the number of trusts.
- There is a desire by many wealthy families to set up private trust companies and if we could get some modification to Article 4, Private Fiduciaries, we believe we could generate business for Alaska. We would recommend that the reference to Private Fiduciary should be Private Trust Company. The definition of Private Fiduciary on page 58, subparagraph 23, lines 20, 21 and 22 should be changed to the following:

A company is a private trust company only if it is a corporation, trust company, limited partnership or limited liability company organized in this state and only if it may only act as trustee of trusts created by or the personal representative of the estate of a named individual who is living at the time of formation of the trust company or who has a lineal descendant then living who is within the fourth degree of consanguinity to such named individual, and trusts created by or the personal representative of the estate of the spouse of such named individual, any descendant of such named individual or the spouse of any such descendant, and which has its headquarters within this state or has an Alaska bank (with has fiduciary powers) headquartered within this state or an Alaska trust company headquartered within the state as its representative is required, at a minimum, to maintain within this state a set

of books and records of each trust or estate with respect to which the private trust company acts as trustee or as personal representative and to receive legal process on behalf of the private trust company.

In addition, subparagraph 5 on page 17, starting line 22 should be amended to reflect the new definition of private trust company.

- The definition "provide or offer fiduciary services to the general public" on page 58 item 24, seems to indicate that the only exception would apply to an entity that is not an individual because how can an individual own 100% of another individual. If the exemption applies only to an entity, then the exceptions on page 3, subparagraph 10, lines 29, 30 and 31 and page 4, subparagraph 18, lines 27, 28 and 29 would seem to limit this to an entity not an individual.

We would appreciate it if consideration would be given to these suggestions, or if we have misinterpreted definitions, we appreciate clarification.

**HB 157**

**AS 06.26.020 (18) should be amended to read:**

**( 18) serves as a trustee of a trust in which the settlor is not a family member, provided that at no point in time may the person serve as trustee for more than 10 different settlors, each of whom who has created a trust in which the person serves as trustee, and further provided the person does not provide or offer fiduciary services to the general public.**

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**HB**

**175**

# Alaska State Legislature

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## Representative Ken Lancaster District 8 Sponsor Statement For HOUSE BILL 175

"An Act making an appropriation to the Alaska Industrial Development and Export Authority for power projects;"

This bill will provide funding for five (5) energy projects. This sponsor statement provides a brief description of each project:

Power Creek Hydropower for Cordova: This is a \$24 million hydropower project being developed by Cordova Electric Association. The project has been partially funded by federal appropriations, but it needs \$12 million to cover projected debt service. Cordova is willing to forgo future involvement in the Power Cost Equalization (PCE) program in exchange for the \$12 million. Cordova is the largest recipient of PCE funds averaging approximately \$600,000 per year; this will represent considerable savings to the PCE program. This project should come on line this Spring.

Copper Valley Alternative Energy Project: The Copper Valley project consists of the Petro Star Cogeneration addition, capacity additions at Glennallen to meet rising demands, a waste heat project with the school district and reimbursement of expenses for the Department of Community and Regional Affairs intertie study. Total cost of the project is \$12.5 million. Copper Valley Electric provides power from Valdez, to Glennallen, and has the least number of customers per mile of any electric utility in Alaska. Copper Valley Electric receives no PCE assistance, yet its electricity rates are double those of other utilities on the Southcentral roadway system.

Tok/Chistochina Transmission Intertie: The project would run 83 miles along the Alaska Highway and consist of wood pole 69kilovolt (kV) line that would be operated initially at 35 kV. The cost of the project is \$8.4 million. It would reduce the cost of power from its present level of 35 cents/Kilowatt (Kw) down to 20 cents/Kw. The line would use central station generation located in Tok to bring power to the communities of Mentasta, Chistochina and Slana, as well as residents along the highway and National Park Service facilities. This area represents the largest group of communities along a road system without centralized electric service. The system could ultimately be connected with the Copper Valley system 30 miles away, thus providing a link from Valdez to Tok.

Seldovia, Port Graham, Nanwalek Regional Power Project: This project would include 3.8 miles of submarine cable to interconnect remote communities on the south side of Kachemak Bay with the Homer area, and installation of remote generation at Seldovia for emergency backup. The project would include fiber optic for telecommunications. The existing submarine cable is beyond its design life and in jeopardy of failure. If the line goes down, the communities may be forced to rely on individual generation alternatives, bringing them under the PCE program. Total cost of the project is \$4.8 million.

Anchorage/Fairbanks Transmission Line Bottleneck: This project would upgrade the 26-mile segment between the 230 Kv Chugach Electric transmission system and the southern end of State of Alaska's 230 kV Anchorage/Fairbanks intertie. The line would double the power transfer capacity between Anchorage and Fairbanks, significantly reduce line losses, defer reserve additions in the system, and provide for power flows south in the event that new capacity additions are made in Fairbanks resulting from North Slope natural gas availability. Total cost of the project including substation upgrades is \$17.2 million.

Overall, this legislation will further develop electrical infrastructure in the State and enhance service to consumers.

E-Mail: [Representative\\_Ken\\_Lancaster@legis.state.ak.us](mailto:Representative_Ken_Lancaster@legis.state.ak.us)

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22-LS0705\C  
Cramer  
3/29/01

**CS FOR HOUSE BILL NO. 175( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SECOND LEGISLATURE - FIRST SESSION**

MAR 29 2001

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES LANCASTER, Harris

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act making an appropriation to the Alaska Energy Authority for power projects;  
2 and providing for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* Section 1. ALASKA ENERGY AUTHORITY. (a) Subject to the conditions set out in  
5 (b) of this section, the sum of \$50,900,000 is appropriated from the Railbelt energy fund  
6 (AS 37.05.520) to the Department of Community and Economic Development, Alaska  
7 Energy Authority, to be allocated for the following purposes:

8	PURPOSE	ALLOCATION
9	Payment as a grant under AS 37.05.316 to the Cordova Electric Association for completion of the Power Creek hydroelectric project	\$12,000,000
12	Payment as a grant under AS 37.05.316 to Copper Valley Electric Association for the retiring of capital construction debt	12,500,000

1	Payment as a grant under AS 37.05.316 to the	8,400,000
2	Alaska Power and Telephone Company for	
3	acquisition, design, and construction of a power	
4	transmission intertie between Tok and	
5	Chistochina	
6	Payment as a grant under AS 37.05.316 to the	4,800,000
7	Homer Electric Association for the	
8	Seldovia/Port Graham/Nanwalek regional	
9	power project	
10	Upgrade the Anchorage-Fairbanks power	13,200,000
11	transmission intertie to 230 volts.	

12 (b) Each allocation of the appropriation made in (a) of this section for a grant for a  
13 project or intertie is contingent upon the execution of a written agreement entered into by the  
14 grant recipient and the Alaska Energy Authority in which the grant recipient agrees to

15 (1) pay the design, construction, and other costs related to the power project or  
16 power transmission intertie that exceed the amount allocated in (a) of this section for that  
17 grant;

18 (2) pay the operation and maintenance costs of the power project or power  
19 transmission line;

20 (3) provide for the use of the power project or power transmission intertie by  
21 utilities other than the grant recipient; and

22 (4) provide for the allocation of costs that may reasonably be charged to other  
23 utilities for use of the power project or power transmission intertie.

24 \* Sec. 2. LAPSE PROVISION. The appropriation made by this Act is for capital projects,  
25 lapses under AS 37.25.020, and lapses into the Railbelt energy fund (AS 37.05.520).

26 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

22-LS0705P  
Cramer  
4/5/01

**CS FOR HOUSE BILL NO. 175( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): REPRESENTATIVES LANCASTER, Harris**

**A BILL**  
**FOR AN ACT ENTITLED**

1 **"An Act making an appropriation under art. IX, sec. 17(c), Constitution of the State of**  
2 **Alaska, from the constitutional budget reserve fund to the Alaska Industrial**  
3 **Development and Export Authority for power projects; and providing for an effective**  
4 **date."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 **\* Section 1. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY.**  
7 **The sum of \$62,200,000 is appropriated from the constitutional budget reserve fund to the**  
8 **Department of Community and Economic Development, Alaska Industrial Development and**  
9 **Export Authority, to be allocated for the following purposes:**

10	PURPOSE	ALLOCATION
11	Payment as a no-interest loan under	\$12,000,000
12	AS 44.88.080(13) to the Cordova Electric	
13	Association for completion of the Power Creek	
14	hydroelectric project	

1	Payment as a no-interest loan under	12,500,000
2	AS 44.88.080(13) to Copper Valley Electric	
3	Association to pay the following capital construction debt:	
4	PROJECT	AMOUNT
5	Cogeneration project cost	\$7,500,000
6	Glennallen capacity addition	4,000,000
7	Waste heat project with school district	500,000
8	Department of Community and Economic	500,000
9	Development intertie study	
10	Acquisition, design, and construction of a power	8,400,000
11	transmission intertie between Tok and	
12	Chistochina	
13	Payment as a no-interest loan under	4,800,000
14	AS 44.88.080(13) to the Homer Electric Association	
15	for the Seldovia/Port Graham/Nanwalek regional	
16	power project	
17	Extension of the Anchorage-Fairbanks power	24,500,000
18	transmission intertie and upgrade of the intertie	
19	to 230 kilovolts.	

20 \* Sec. 2. LEGISLATIVE INTENT. (a) It is the intent of the legislature that a loan made  
21 under AS 44.88.080(13) from the appropriation made by this Act be repaid within 15 years.

22 (b) The Alaska Industrial Development and Export Authority shall deposit  
23 repayments on the loans made from money appropriated by this Act into the Railbelt energy  
24 fund (AS 37.05.520).

25 \* Sec. 3. CONSTITUTIONAL BUDGET RESERVE FUND. The appropriation made by  
26 this Act is made under art. IX, sec. 17(c), Constitution of the State of Alaska.

27 \* Sec. 4. LAPSE PROVISION. The appropriation made by this Act is for capital projects,  
28 lapses under AS 37.25.020, and lapses into the Railbelt energy fund (AS 37.05.520).

29 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
POOR  
ORIGINAL  
COPIES

## HISTORY OF THE RAILBELT ENERGY FUND

In 1986, the statutory citation of the Railbelt energy fund was renumbered to AS 37.05.153

In 1988, the statutory citation of the Railbelt energy fund was renumbered to AS 37.05.520

In 1993, Ch. 18 amended AS 37.05.520 to include the last line of the current statute.

Ch.	SLA	Sec.	Statutory Citation	Purpose	Project Title or Grantee	Amount
<b>Appropriations TO capitalize the Fund</b>						
29	1986	1	44.25.050	Create the Railbelt energy fund.	NA	NA
41	1986	4	44.25.050	From the general fund.	NA	\$200,000,000
10				Reappropriations of unexpended, undollated, and unencumbered		\$89,481,023
12				prior year appropriations to capitalize the Railbelt energy fund.		
13				Amount totaled \$89,481,023.		
15						
16						
17						
18						
19	1993	3	37.05.520	Balance of Railbelt intertie reserve. Various reappropriations from Bradley	NA	\$30,882,941
19	1993	7(1)-(7)	37.05.520	Lake Hydro projects.	NA	\$11,500,000
19	1993	8(a)	37.05.520	From the general fund.	NA	\$13,200,000
19	1993	8(b)	37.05.520	From the general fund.	NA	\$66,900,000
					Interest earned on loans	\$8,712
					Recovery of prior year expenses	\$26,009
					Unidentified unrestricted revenues	\$582,499
<b>Total Appropriations TO Railbelt Energy Fund</b>						<b><u>\$412,581,184</u></b>

### Appropriations FROM the Fund

42	1986	1	44.25.050	Preparing a review and evaluation of Railbelt electric power alternatives...	Alaska Power Authority	\$2,500,000
96	1987	2	37.05.153	Amending the fund source for the Bradley Lake Hydroelectric Project from general funds to railbelt energy funds.	Alaska Power Authority	\$50,000,000
172	1988	6	37.05.520	Bradley Lake Hydroelectric Project	Alaska Power Authority	\$7,000,000
173	1988	293	37.05.520	Appropriation to the general fund if there was a cash shortfall anytime during FY 89 to pay obligations of the general fund...not to exceed \$50,000,000...and only the amount required to pay the obligations. Appears not to have been necessary and so no funds transferred (per Revenue and DCRA reports).		\$0

Ch.	SLA	Sec.	Statutory Citation	Purpose	Project Title or Grantee	Amount
208	1990	139	37.05.520	Various capital appropriations as Grants to Municipalities (AS 37.05.315) and Grants to Unincorporated Communities (AS 37.05.317), and to state agencies...historical detail of projects obtained from DCRA but is all inclusive through SLA 1993 (fax attached).		\$18,732,942
208	1990	141	37.05.520	McLaughlin Youth Center Cottage/School Replacement	Dept. of Health & Social Services	\$2,500,000
208	1990	143	37.05.520	Healy cogeneration project	AIDEA	\$25,000,000
		144	37.05.520	Seward transmission line from lawing to Fort Raymond substation	DOA	\$9,500,000
		145	37.05.520	Purchase of locomotives, rolling stock, and associated equipment costs.	AK Railroad Corp	\$9,000,000
		146	37.05.520	Ship Creek development project	DOA	\$2,500,000
		147(a)	37.05.520	Weatherization and energy conservation	DCRA	\$1,600,000
		147(b)	37.05.520	Weatherization and energy conservation federal match	DCRA	\$600,000
		148	37.05.520	Alaska home craftsman program	DCRA	\$600,000
		149	37.05.520	Alaska energy efficiency and retrofit program	DCRA	\$2,200,000
		150	37.05.520	Grant to Mat-su borough for job corps facility construction	DOA	\$1,700,000
		151	37.05.520	Design and construction of UAF natural sciences facility	University	\$23,000,000
		152	37.05.520	Design and construction of UAA classroom building and land purchase	University	\$16,500,000
		153	37.05.520	Reconstruct and upgrade the Alyeska Utilities water and sewer system	DOA	\$2,300,000
		154	37.05.520	Anchorage Economic Development Corporation	DCED	\$3,800,000
		155	37.05.520	Kenai Peninsula Borough solid waste disposal facility	DOA	\$1,100,000
		156	37.05.520	Fire training facility on the Kenai Peninsula	UAA	\$1,000,000
		157	37.05.520	City of Kenai for construction of a congregate housing facility	DOA	\$3,300,000
		158	37.05.520	Anchorage Neighborhood Housing Services	DOA	\$1,700,000
		159	37.05.520	To the general fund, Railbelt intertie reserve		\$100,000,000

Ch.	SLA	Sec.	Statutory Citation	Purpose	Project Title or Grantee	Amount
19	1993	4		Loan for power transmission intertie, Sulton to Glennallen.	Power Project Fund	\$35,000,000
		5		Loan for power transmission intertie, Swan Lake to Tyee Lake.	Power Project Fund	\$20,000,000
		8 (c)		To Power Cost Equalization fund to capitalize the fund.	PCE&RERLF	\$66,900,000
<b>Total Appropriations FROM Railbelt Energy Fund</b>						<b><u>\$408,032,942</u></b>
<b>Balance</b>						<b><u>\$4,548,242</u></b>

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**CS FOR HOUSE BILL NO. 175( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SECOND LEGISLATURE – FIRST SESSION**

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES LANCASTER, Harris

**A BILL**

**FOR AN ACT ENTITLED**

“An Act making an appropriation to the Alaska Energy Authority for power projects; and providing for an effective date.”

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

\* **Section 1. ALASKA ENERGY AUTHORITY.** (a) Subject to the conditions set out in (b) of this section, the sum of \$50,900,000 is appropriated from the Railbelt energy fund (AS 37.05.520) to the Department of Community and Economic Development, Alaska Energy Authority, to be allocated for the following purposes:

PURPOSE	ALLOCATION
Payment as a grant under AS 37.05.316 to the Cordova Electric Association for completion of the Power Creek hydroelectric project	\$12,000,000
Payment as a grant under AS 37.05.316 to	\$12,500,000

<p>Copper Valley Electric Association for the retiring of capital construction debt</p> <p>Payment as a grant under AS 37.05.316</p> <p>Alaska Power and Telephone Company for acquisition, design, and construction of a power transmission intertie between Tok and Chistochina</p> <p>Payment as a grant under AS 37.05.316 to the Homer Electric Association for the Seldovia/Port Graham/Nanwalek regional power project</p> <p><u>The Alaska Energy Authority extending, and upgrading to 230 kilovolts. [UFGRADE] the Anchorage-Fairbanks power transmission intertie, [TO 230 VOLTS] provided that the costs of this extension and upgrade which are funded by this allocation shall not be charged to transmitting utilities.</u></p>	<p>\$ 8,400,000</p> <p>\$ 4,800,000</p> <p>\$13,200,000</p>
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(b) Each allocation of the appropriation made in (a) of this section for a grant for a project or intertie is contingent upon the execution of a written agreement entered into by the grant recipient and the Alaska Energy Authority in which the grant recipient agrees to

(1) pay the design, construction, and other costs related to the power project or power transmission intertie that exceed the amount allocated in (a) of this section for that grant;

(2) pay the operation and maintenance costs of the power project or power transmission line;

(3) provide for the use of the power project or power transmission intertie by utilities other than the grant recipient; and

(4) provide for the allocation of costs that may reasonably be charged to other utilities for use of the power project or power transmission intertie.

\* **Sec. 2. LAPSE PROVISION.** The appropriation made by this Act is for capital projects, lapses under AS 37.25.020, and lapses in the Railbelt energy fund (AS 37.05.520),

\* **Sec. 3.** This Act takes effect immediately under AS 01.10.70(c).

**Power Creek Hydropower Project**  
**Cordova, Alaska**

**Current Situation:** Cordova Electric Cooperative (CEC) presently supplies electric power to Cordova through the operation of one diesel power electric generation plan and a small hydroelectric facility on Humpback Creek. The Humpback Creek project can provide only 17 percent of the community's needs annually. CEC used 1,558,070 gallons of diesel to generate electricity in 2000, an average year. With this usage, the average cost of electricity in 1999 was 20.5 cents/kWh with residential rates of nearly 30 cents/kWh. Because of its size, Cordova is the largest recipient of Power Cost Equalization in the state, receiving an average of approximately \$600,000 annually from the program.

**Project Description:** The Power Creek Hydropower project, presently under construction, is licensed by the Federal Energy Regulatory Commission. Upon completion, the run-of-the-river project will have an installed capacity of 6 mw. Peak project energy will be generated during the spring, summer and fall months, time periods directly coinciding with CEC's peak demand time frame. Project construction is expected to be completed in April 2001. The project includes two Francis turbines, and power will be transported to the load center by way of a 69 kV transmission line. The project includes a river diversion structure and power penstock, but no dam or reservoir.

**Cost of the System:** The total cost of the project including powerhouse, penstock, intake structure, access roads, transmission line, and appurtenant structures will be \$24 million.

**Benefits:** The generation from the project will eliminate the need for shipment, off loading and storage of approximately one million gallons of diesel fuel per year in Cordova for an estimated annual savings of approximately \$889,100. With the requested State grant, the energy electric rate in Cordova would be 17.4 cents/kWh compared to the present average rate of 20.5 cents/kWh. In addition to the savings to Cordova, this will result in a direct reduction in the annual amount of PCE that the State pays to keep the cost of power down in Cordova. Furthermore, the plant will likely have a shelf life of at least five times that of a conventional diesel plant, resulting in savings in replacement costs in the future. The project will displace approximately 75 percent of the diesel fuel it now uses, equating to a significant reduction in the pollutants in the Cordova air shed. The resulting reduced annual emissions are approximately 250 tons in nitrogen oxide, 125 tons of sulfur dioxide and 25 tons of particulate. Finally, if the State Legislature fully funds the requested amount, Cordova is prepared to forgo future participation in the PCE program, giving the state full payback in less than ten years (considering inflation in the cost of fuel) and freeing up funds in the program for other rural communities.

## Copper Valley Alternative Energy Project

**Current Situation:** Copper Valley Electric Association (CVEA) presently serves 7,000 residents in a geographic area approximately the size of the state of West Virginia. CVEA is a stand-alone system that transmits and distributes electricity produced at four generating plants over 380 miles of distribution line to end consumers. CVEA operates and maintains two diesel plants, a co-generation facility, and also operates the state-owned Solomon Gulch hydropower project and the related 120 miles of 138 kV transmission line that is prone to extended outages caused by avalanches. The need to install and maintain generation in both Valdez and Copper Basin districts accounts in large part for the high cost of electricity for the region. The average cost of electricity in the region is approximately twice the cost for cities and communities throughout the rest of the Southcentral road system.

In 1991, as a means to address the high costs in the region, CVEA began investigation the possible interconnection to the Railbelt utility grid. Throughout 1992 and 1993, CVEA and the AEA conducted feasibility studies to advance the project. In 1993 the Alaska Legislature authorized the project and appropriated a \$35 million, zero-interest, 50-year loan to, in part, capitalize the project. The appropriation provided the potential for meaningful rate reduction for an entire region of the state and it provided an extension of the Railbelt energy grid system. In July 1994, the commissioner of Community & Regional Affairs found that the project was economically feasible and that it could be successfully financed. During the remainder of 1994, CVEA attempted unsuccessfully to negotiate loan agreements with C&RA. In 1995 the feasibility of the project was reassessed by AIDEA, and ultimately no further progress was made in advancing the loan agreements for the project. After investing five years and \$1.3 million in study and administrative costs for the intertie project, the CVEA Board of Directors determined the project could not be advanced, and immediately began pursuit of more promising options to meet the high cost of power in its service territory.

**Project Description:** To address pressing power supply concerns, CVEA elected to pursue a combustion turbine co-generation project with its largest customer, the Petro Star Valdez refinery. In 1997, CVEA mounted an unsuccessful effort to secure a re-appropriation of a portion of the intertie loan to capitalize a 15-mw generation project for the region. If accomplished, that re-appropriation could have resulted in significant financial benefits for the region. After failing to receive the support from the state, CVEA scaled back the proposed project to a single 5-mw combustion turbine with a heat recovery unit. The 5-mw project was constructed and put into commercial operation on April 24, 2000. In addition to this project, new capacity addition in Glennallen is essential.

### **Cost of the System:**

- Co-generation project cost \$7.5 million Reimbursement
- Glennallen Capacity Addition \$4.0 million
- Waste heat project with school District \$0.5 million
- Reimburse intertie DCRA study \$0.5 million Reimbursement

Copper Valley Alternative Energy Project

The total for the Copper Valley alternative project is \$12.5 million. At the present time, Copper Valley residents receive no Power Cost Equalization assistance from the state.

Benefits: The project has numerous benefits including reduced emissions of nitrous oxide, Sulfur dioxide, and particulate matter. It uses North Slope crude oil to benefit Alaskans, and it adds a valuable increment of generating capacity to CVEA's Valdez system. In addition, through the benefits of co-generation, the project recovers heat from the combustion turbine for use in the refining process that significantly increases the overall thermal efficiency of the project. The Copper Valley/Valdez region is rich in resources and has tremendous development potential for tourism, timber, and mineral resources. Recent developments that have the potential to impact our region include straightening the Glenn highway, a major hotel project to open in 2002, the new Wrangell-St. Elias National Park Visitor Center to open in 2002, planned McCarthy road improvements, and shallow gas exploration in the Copper Basin.

## Tok/Chistochina Transmission Intertie

**Current Situation:** Alaska Power Company (APC) provides electric service to about 1,000 customers in the close-in Tok area at an average price of 20 cents/kWh. For outlying, non-interconnected communities along the Glenn Highway such as Mentasta and Chistochina, the average cost of power is about 35 cents/kWh. Generation currently consists of a number of individual diesel generators. Consumers in this area are presently recipients of Power Cost Equalization. A reduction in the cost as a result of this project would reduce their dependence on the program. The system could ultimately be connected to the Copper valley system just 30 miles away thus providing a link from Valdez to Tok and reducing the cost of power even more.

**Project Description:** The project would consist of 83 miles of light transmission/heavy distribution intertie line from Tok to Chistochina. The design would be wood pole 69 kV line to be operated at 34.5 kV until interconnected with a larger system. The design includes an underbuild distribution system to be built as part of the original construction. A routing has been identified and initial discussions have been held with individual consumers, the National Park Service and the Department of Transportation.

**Cost of the system:** The total cost of the system with contingencies is \$8.4 million. The line will be owned and operated by APC and the construction cost will be guaranteed.

**Benefits:** The major benefit is the provision of reliable, more reasonably priced electric service to this area of rural Alaska through an interconnected system utilizing lower-cost generation in Tok. Power costs will be reduced from about 35 cents/kWh to about 20 cents/kWh for more than 200 homes, businesses and government facilities (including Wrangell-St. Elias National park) in the Mentasta, Chistochina and Slana areas and individual consumers in between, most of whom now self-generate. In addition, centralized electric service will facilitate economic development along this section of the Glenn Highway, including residential construction on currently undeveloped lots. Public Safety will be enhanced with a system that is in full compliance with the National Safety Code and other standards. The environment will be improved as small, less efficient generators will be replaced with central station service from Tok. There will be also be a substantial reduction in the amount of annual payments required from Alaska's Power Cost Equalization fund to support the cost of electricity in the region.

**Seldovia, Port Graham, Nanwalek**  
**Regional Power Project**

**Current Situation:** The Homer Electric Association (HEA) service territory includes the remote communities on the south side of Kachemak Bay. Approximately 700 consumers residing principally in the communities of Seldovia, Port Graham, and Nanwalek depend upon HEA to supply electricity in this remote region. Transportation to this region is by air or boat only. Weather can significantly impact the ease of reaching this area. Flights are restricted to daylight conditions and decent visibility. Water travel is fraught with typical Alaskan ocean challenges. A 25 kV submarine cable was installed in 1975 to serve this community with power supplied wholesale from the Railbelt grid system. The cable is approximately 3.8 miles long and was designed for installation at 350 feet of water. The cable was buried at the beach 20 feet beyond mean low water level, and the portions farther out from the shore where buried by natural tidal deposition. Scour from storm activity is threatening to expose the line close to shore. Costly shore maintenance is not feasible because the line is already five years beyond its design life. Very old standby diesel generation is available in Seldovia. Current faults on the underwater cable could not only threaten the communities on the south side of the bay, but the entire Kenai system as well.

**Project Description:** HEA has reviewed three options to address the situation: underwater cable replacement, construction of an overhead line from Bradley Lake hydropower, and local generation. The study recommended replacing the 25 kV submarine cable and building a new standby power plant at Seldovia. The submarine cable would be 3.8 miles long and buried with non-errodable material close to the shorelines. The power plant would include four remote starting 500 kW Diesel generators, fuel holding tanks and generator building. The recommended system is the most cost-effective option and has the least risk of failing the permitting process.

**Cost of the System:** The cost of designing, permitting, and labor and materials for the cable crossing is estimated at \$4 million. Design and construction of the standby powerhouse is estimated at \$800,000 for a total project cost of \$4.8 million.

**Benefits:** The project is necessary to ensure a long-term, affordable, reliable source of electric power is available to the approximately 900 residents of the communities in the rural areas south of Kachemak Bay. Without the project, the communities will have to rely on other local sources of electricity such as costly diesel generation and perhaps the use of Power Cost Equalization.

## Anchorage/Fairbanks Transmission Line Blockage

Current Situation: The interconnected transmission system between Anchorage and Fairbanks is presently owned by four entities: (1) Chugach Electric owns the 230 kV system from Anchorage to Teeland, (2) Matanuska Electric owns the 26-mile 115kv system from Teeland to Douglas (3) the Alaska Energy Authority owns the 190-mile 230 kV system from Douglas substation to Healy and is in the process of constructing a second 230 kV loop, and (4) Golden Valley Electric owns the 138 kV system from Healey to Fairbanks and is in the process of constructing a second 230kV loop. Because of the 26-mile 115 kV system bottleneck, the overall system has a transfer capability of only 70 mw of power between Anchorage and Fairbanks and the line losses across this short stretch are quite high.

Project Description: Construct a new line connecting the Chugach system (Lake Lorraine) to the State system at Douglas substation. The upgrade would double the transfer capacity between Anchorage and Fairbanks and significantly reduce line loss. From Douglas Substation on Douglas Creek, the route would follow a southeast course, generally paralleling the Parks Highway to the Nancy Lake Substation. From the Nancy Lake Substation, the route would extend due south to the Little Susitna substation on the Little Susitna River. The route would then turn to a southwest course and extend approximately 10 miles to a point southwest of Big Lake. From this point the route would follow a generally southeast course to the Lake Lorraine Substation located on the West Side of Knik Arm. Total length of the system would be approximately 26 miles consisting of Cortend steel guyed towers and conductored to operate at 230 kV.

Cost of the system: Total cost of the system based on unit costs anticipated for the Northern Intertie project presently under construction is \$17.2 million.

Benefits: Upgrade of the system would double the transfer capacity of the transmission line between Anchorage and Fairbanks. In addition to the economy energy transfer capability of the line, reserve capacity in the two load centers could be reduced, and line efficiency would be significantly increased. Future gas availability in Fairbanks could allow for siting of generation facilities or co-generation facilities in Fairbanks that would provide generation additions in the north with transfer capability south.

**Subject: Lancaster Proposes Intertie Projects**

**Date:** Wed, 14 Mar 2001 16:03:04 -0900

**From:** Dan Saddler <Dan\_Saddler@legis.state.ak.us>

**Organization:** House Majority

**To:** media <lsncdrs+media@legis.state.ak.us>,

reps <lsncdrs+housemajlegs@legis.state.ak.us>,

people <lsncdrs+people@legis.state.ak.us>, staff <lsncdrs+hmajstaff@legis.state.ak.us>

Alaska State Legislature  
Representative Ken Lancaster  
State Capitol, Room 421  
Juneau, Alaska 99801-1182  
(907) 465-2693 Phone  
(907) 465-3835 Fax

FOR IMMEDIATE RELEASE: March 14, 2001  
CONTACT: Rep. Ken Lancaster, (907) 465-2693

**Lancaster Proposes Intertie Projects**

**HB 175, 176 Would Use Railbelt Energy Fund to Finance Work**

(JUNEAU) –The state would draw on the Railbelt Energy Fund to finance electrical projects in the Interior, Southeast and Prince William Sound areas under a pair of bills introduced in the House of Representatives on Tuesday.

Rep. Ken Lancaster (R-Soldotna) said he introduced House Bills 175 and 176 to bring cheaper, more reliable and cleaner energy to residents of the Railbelt and Southeast Alaska, while reducing demands on the Power Cost Equalization fund that subsidizes power for rural Alaskans off the state's central power grid.

"I've been working with the power industries for the past 25 years on various utility boards around the state, and knew the money was available," said Lancaster. "I just thought it was time to build these projects that have been planned for the past 15 years to bring power to the people of Alaska."

The Railbelt Energy Fund was established in 1986 with appropriations of about \$350 million, and while much of that has gone to fund other electrical intertie projects around the state, enough principle and interest remains to fund most, if not all, of the \$85.9 million in projects proposed in the bills, he said.

HB 176 would appropriate about \$19 million to connect the Southeast village of Kake with Petersburg through the Four-Dam Pool hydroelectric grid. HB 175 would provide \$12 million to the Power Creek hydroelectric project in Cordova, \$12.5 to build on to existing generating facilities in Glennallen, \$8.4 million to build an 83-mile transmission line between Tok and Chistochina, \$4.8 million to lay undersea cable connecting Homer with other Kachemak Bay communities, and \$17.2 million to upgrade the southernmost 26 miles of electric lines between Anchorage and Fairbanks.

"This money was set aside specifically for power generation and transmission projects," said Lancaster. "The need is still there, the money is still there, and it's high time we used it to provide Alaskans with the power they need and want."

The bill has been referred to the House Finance and Labor and Commerce committees.

F  
HB 175

# The Eyak Corporation

P.O. Box 340 Cordova, Alaska 99574  
(907) 424-7161 Fax (907) 424-5161

March 16, 2001

Representative Lisa Murkowski  
State Capitol Building, Room 406  
Juneau, AK 99801  
VIA FAX 465-2293

RE: House Bill 175. Appropriation for the Power Creek Hydroelectric Project.

Dear Representative Murkowski:

We are writing to you today to ask that you support the proposed appropriation of \$12,000,000 to assist the Cordova Electric Cooperative fund the completion of the Power Creek Hydroelectric Project.

The project is being constructed and managed by the Cordova Electric Cooperative on lands conveyed to the Eyak Corporation pursuant to the Alaska Native Claims Settlement Act. The Power Creek Hydroelectric Project will create long-term utilization of Eyak Corporation lands for the benefit of the entire community of Cordova. Additionally, the Project's resulting effect of reducing the cost of power will further benefit our Native shareholders as it decreases their cost of living.

It is essential to the future economic survival of our community that Cordova be able to reduce the cost of its electric power. If Cordova's commercial and industrial development is to experience future growth, then it is critical that the community be able to lower its cost of electric power. The Power Creek Hydroelectric Project will both, reduce our community's current high cost of power and replace the community's current diesel generation infrastructure with non-polluting hydropower.

The residents of Cordova will not be able to realize the Power Creek Hydroelectric Project's overall potential to reduce power costs unless the State assists the Cordova Electric Cooperative with the additional funding. Without the funding request set forth within HB 175, the Cordova Electric Cooperative will have to finance that portion of the project's construction costs and the associated debt service will not allow a significant cut in electrical rates for Cordova's residents and businesses for many years to come.

Again, we ask for your support of the Power Creek Hydroelectric Project and HB 175.

Sincerely,  
THE EYAK CORPORATION

A handwritten signature in black ink that reads "Brian Lettich". The signature is written in a cursive, flowing style.

Brian Lettich  
CEO

CC: House of Representatives  
Kenneth J. Gates, Cordova Electric Cooperative



March 27, 2001

Representative Lisa Murkowski  
State of Alaska  
State Capitol  
Juneau, AK 99801-1182

Dear Representative Murkowski:


Cordova Telephone Cooperative respectfully requests your support of HB 175, appropriation of the Power Creek Hydroelectric Project.

As a vital part of the community and a local utility we would like to take this opportunity to express our heart felt concern for the future of Cordova's business community. This concern largely hinges on the availability of cost effective electrical power within the City of Cordova. Without this appropriation the debt service for this project would be more than the Electrical Cooperative members could bear. The community as a whole would be much more capable of attracting and keeping fish processing facilities located here if we can offer competitive electric rates.

It is our sincere wish that the State of Alaska will see fit to support this hydroelectric project for the good of the State as well as this community, as reasonable, affordable electricity prices are vital to the welfare of commercial fishing, Alaska's second leading industry.

Sincerely,

Paul Kelly  
General Manager



PO Box 469  
Cordova, AK 99574

Phone: 907 424 2345  
Fax: 907 424 2344

# Cordova District Fishermen United

Celebrating 65 Years of Service to Commercial Fishermen in Cordova, Alaska  
P.O. Box 939 Cordova, Alaska 99574 / Telephone (907) 424-3447 / Fax (907) 424-3430

March 28, 2001

House Labor and Commerce Committee  
c/o Chairperson Murkowski  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

SENT VIA FACSIMILE TO 907.465.4954

RE: Support for HB 175

Dear Committee Members,

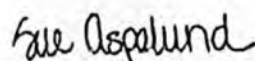
CDFU represents the fishing fleets of Area E - the Copper River and Prince William Sound. Our industry's viability is very much dependent on the costs of production of our fish. One of the most significant of those expenses is the cost of electricity for processing.

We are extremely supportive of HB 175 and its provision to appropriate \$12,000,000 to the Cordova Electric Association for completion of the Power Creek hydro project. As diesel costs rise, so do the costs of our electricity. Completion of this project will decrease our dependence upon diesel generation and substantially lower our power costs. If this appropriation occurs, the electrical costs to fishermen who require electricity in the harbor for moorage will be cut almost in half. This is really critical to the vessels that Alyeska Pipeline Co. through its SERVS program require to be dispatch-ready 365 days/year for oil spill response!

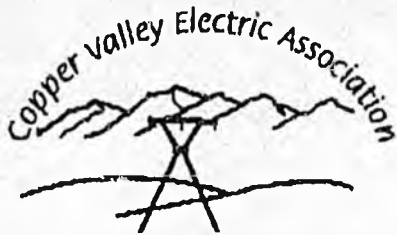
In exchange for this appropriation, our community is willing to forgo future involvement in PCE, which will result in savings to the State equal to the cost of the appropriation in 10 years.

Decreased power costs will enable our industry to be more competitive in the global marketplace upon which our community depends. Please support HB 175.

Respectfully,



Sue Aspelund  
Executive Director



# Copper Valley Electric Association, Inc.

P.O. Box 45 • Glennallen, Alaska 99588 • Telephone: 907-822-3211 • Facsimile: 907-822-5586 • Valdez: 907-835-4301

March 28, 2001

E-mail: wilkinson@cvea.org

Sent Via Facsimile to 907-465-2293

Representative Lisa Murkowski, Chair  
Labor and Commerce Committee  
State Capitol, Room 17  
Juneau, Alaska 99801-1182

**SUBJECT:** Labor and Commerce Hearing on House Bill 175

Dear Representative Murkowski:

I have enclosed written testimony pursuant to Copper Valley Electric Association's request included in HB 175.

I hope the information is timely for inclusion in the committee's packet for the March 30 hearing.

Sincerely,

A handwritten signature in cursive script that reads "Robert A. Wilkinson".

Robert A. Wilkinson  
Chief Executive Officer

Enclosure

w:\word\raw\01-0440h.doc

**CVEA's Mission:** Be the energy supplier of choice.

**Goals and Objectives:** Reduce power cost to Customers, Increase energy sales. Develop new income producing products and services, and Build member relations through Customer satisfaction and grassroots support.

**Copper Valley Electric Association  
House Labor and Commerce Committee  
Testimony in support of HB 175  
March 30, 2001**

My name is Robert Wilkinson and I am the Chief Executive Officer of Copper Valley Electric Association. The purpose of my testimony is to speak in favor of CVEA's request for funding cost effective energy projects which is included in House Bill 175. CVEA is a member-owned non-profit electric cooperative serving the Greater Copper River Basin and the City of Valdez. CVEA serves 3,400 customers (7,000 area residents) in a geographic area approximately the size of the state of West Virginia (23,000 square miles). Major customers include the Alyeska Pipeline Service Company (excluding the marine terminal), the City of Valdez, Petro Star Valdez Refinery, HAARP, Alaska DOT, Valdez and Copper Basin Schools, three fish processors, and numerous other governmental and commercial customers.

CVEA is a stand-alone utility that generates, transmits and distributes electricity over 390 miles of distribution line to end consumers. CVEA operates and maintains two diesel plants, a cogeneration facility, and also operates under long term contract with the Alaska Energy Authority (AEA), the state-owned Solomon Gulch hydro project and the related transmission system. CVEA has some unique electric reliability considerations in that the utility serves two distinctly different service areas that are separated by Thompson Pass. The areas are connected electrically by the state-owned 138-kilovolt transmission line that is prone to extended outages caused by avalanche (once as long as nine months). Given this constraint, CVEA must maintain adequate power generation capacity in the event the transmission line is out of service. The need to install and maintain generation in both the Copper Basin and Valdez districts accounts, in large part, for the high cost of electricity for the region.

The average revenue per kwh paid in 2000 by residential customers in the Copper Basin and Valdez was 19.1¢ and 16.5¢, respectively. This compares to other smaller communities on the road system such as Delta Junction, Healy, Nenana, Talkeetna, Hope, Moose Pass, and Whittier, who in 1999, (the latest statistics available from the RCA) paid 10-11¢ per kwh. CVEA does not receive power cost equalization from the state of Alaska.

In 1991, as a means to address the high cost of electricity in the region, CVEA began investigating a possible electrical interconnection to the Railbelt utility grid. The project was studied extensively in 1992 and 1993, and in 1993, the Alaska Legislature authorized the project and appropriated a \$35 million, zero-interest, 50-year loan for partial funding. The justification for this appropriation was to provide a meaningful rate reduction for an entire region of the state.

In July 1994, then Commissioner of Community & Regional Affairs, Edgar Blatchford, found that the project was economically feasible, and in the remainder of 1994, CVEA attempted unsuccessfully to negotiate loan agreements with DCRA. In 1995 the feasibility of the project was re-assessed by AIDEA, and ultimately no further progress was made in advancing loan agreements for the project. After investing five years and \$1.3 million in study and administrative costs for the intertie project, in October 1996 the CVEA Board of Directors determined, for a variety of reasons, the project could not be advanced.

House Labor and Commerce Committee  
March 30, 2001

In order to address pressing power supply concerns, CVEA elected instead to pursue a combustion turbine cogeneration project with its largest customer, the Petro Star Valdez Refinery. In 1997 CVEA mounted an unsuccessful legislative effort to secure a re-appropriation of a portion of the intertie loan to capitalize a 15 Megawatt (MW) generation project for the region. If accomplished, that re-appropriation could have resulted in significant financial benefits for the region. After failing to receive state financial assistance, CVEA scaled back the proposed project to a single 5 MW combustion turbine with a heat recovery unit at a cost of \$7.5 million.

The 5 MW project was constructed in 1999, and it commenced commercial operation on April 24, 2000. The project has numerous benefits including reduced emissions of nitrous oxide (NOX), it uses Alaska North Slope crude oil to benefit Alaskans, and it adds a valuable increment of generating capacity to CVEA's Valdez system. In addition, through the benefits of cogeneration, the project recovers heat from the combustion turbine for use in the refining process that significantly increases the overall thermal efficiency of the project.

While the cogeneration project does have numerous benefits, it does nothing to help the region with the high cost of electricity, which was the principal goal of the intertie appropriation. Furthermore, it does nothing to address the problem of maintaining adequate power generation reserves in the Copper Basin in the event the transmission line is out of service.

The Copper Basin/Valdez region is rich in resources and has tremendous development potential for tourism, timber, and mineral resources. Recent developments that have the potential to impact our region include straightening the Glenn Highway, a major hotel project to open in 2002, the new Wrangell-St. Elias National Park Visitor Center to open in 2002, planned McCarthy road improvements, and gas exploration in the Copper Basin.

CVEA looks forward to meeting the challenges ahead; however, the region would benefit significantly with state financial assistance for cost-effective energy projects that lower the cost of electricity for the region. Projects which could provide meaningful benefit are as follows:

- |   |        |               |
|---|--------|---------------|
| • Cogeneration project cost               | \$ 7.5 | Reimbursement |
| • Glennallen generation addition          | \$ 4.0 | New project   |
| • Waste heat project with school district | \$ .5  | New project   |
| • Reimburse intertie DCRA study           | \$ .5  | Reimbursement |
| • Total                                   | \$12.5 | million       |

#### Economic Benefits

Reimbursement for the cogeneration project capital costs would eliminate the fixed costs of the project and facilitate a rate reduction. The Glennallen generation addition would improve electric reliability in the Copper River Basin by replacing 30-year old units with new, more efficient units with better fuel economy and reduced maintenance expenses. Construction of the waste heat project with the Copper River School District would recover heat from the Glennallen diesel units for space heating at the Glennallen schools, thus reducing the gallons of diesel fuel to fire school district boilers. Reimbursement of the DCRA study compensates CVEA for the RW Beck intertie study cost that the Legislature required to support the intertie loan appropriation.

**Cordova Electric Cooperative, Inc.**

P.O. BOX 20 • CORDOVA, ALASKA 99574 • (907) 424-5555 • FAX (907) 424-5527

March 28, 2001

House of Representatives  
State Capitol  
Juneau, AK 99801-1182

Dear Sir or Madam Representative:

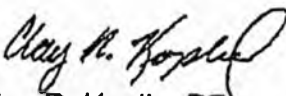
I appeal to you as a concerned Alaskan. The community of Cordova needs your help to stabilize the local cost of energy. Support of House Bill 175, a bill allocating funding for the Power Creek Hydroelectric Project in Cordova, will accomplish this.

I have lived and worked in Alaska since the age of 5. I earned my electrical engineering degree at the University of Alaska at Fairbanks, and worked at Kodlak Electric as staff engineer immediately after. I came to Cordova Electric Cooperative nearly 3 years ago because I had expertise to offer, and experience to gain. Those 3 years have been the most challenging of my career, but the successes have been rewarding.

Unfortunately, improved business practices, responsible stewardship of our resources, and a high level of commitment by Cordova Electric Cooperative staff are not adequate to ensure a stable energy infrastructure for this community. Cordova needs your assistance to rebuild and grow a healthy economy. Your investment in this coastal Alaskan community will return dividends to Alaska's future.

Please feel free to call with any questions you or your staff may have regarding the Power Creek Project and how it will affect Cordova's future. I can be contacted directly at (907) 424-5026, or by email at [crkcec@ptialaska.net](mailto:crkcec@ptialaska.net), or by fax at (907) 424-5527.

Sincerely,

  
Clay R. Koplín, PE

## Native Village of Port Graham

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PORT GRAHAM VILLAGE COUNCIL  
P.O. BOX 5510 • PORT GRAHAM • ALASKA 99603-5510  
907-284-2227 FAX 007-284-2222

March 30, 2001

Lisa Murkowski, Chair  
Alaska State Legislature  
House Labor and Commerce  
State Capitol  
(MS 3100) Room 17  
Juneau, Alaska 99801-1182

Dear Lisa Murkowski,

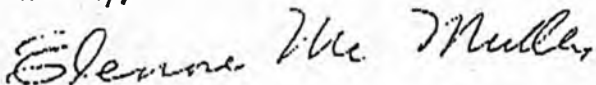
Our letter is to ask your support to fund a very needed power project in the South Kachemak Bay region. There is an urgent need to replace an aging submarine cable that is the sole source of electric power to the communities of Seldovia, Port Graham and Nanwalek, as well, as to replace four 50+ year-old diesel generators used to restore service during power outages. We fully endorse Homer Electric's replacement plan.

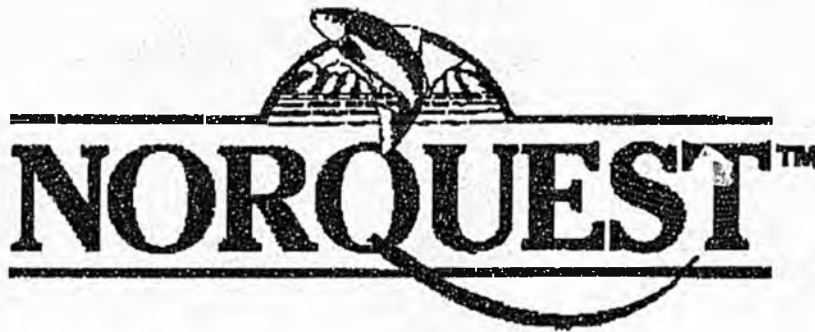
The Village of Port Graham is highly dependent upon the electric service Homer Electric provides to light and heat our community centers, school, homes and businesses. Life would be dramatically changed if we were to experience a significant decline in service, or a large rate increase. Unless funding is obtained to assist with the cost of this project, living conditions in our community will be severely impaired.

This project is essential to our community's growth and welfare. We urge you to support Homer Electric's request for funding the Seldovia, Port Graham, Nanwalek Regional Power Project.

We know we can count on your support.

Sincerely,

  
Elenore McMullen,  
First Chief



Norquest Seafoods  
545 Railroad Ave.

P.O. Box 260 Cordova AK 99574

PHONE: (907) 424-5390

FAX: (907) 424-5395

Dear Sirs;

Norquest Seafoods is an avid supporter of House Bill #175, this Bill is of vital importance to this community and the businesses located here. Representative Harris has worked very hard to bring relief to the electric users of rural South Central Alaskan communities. We have been carrying an undue burden through comparatively very high electrical rates for many years. In resource based communities such as Cordova it makes all of our goods and services non-competitive with neighboring railbelt communities on the electrical power grid system. We need to seek your support to help us help ourselves become more competitive. Through this legislation we will be able to better fund the Power Creek Hydropower project, which is the key to the electrical future of Cordova.

This is a good solid project that will help stabilize Cordova's economy and provide the additional power to allow some continued growth for the community. Without this project the community will be severely short of electrical power without any growth what so ever. This summer without this project coming on line we will be very hard pressed to have the electrical power we need just to operate the present industry that we have here in Cordova.

Please support this legislation and in so doing support Cordova and Cordova's economic growth potential. We need your support on this issue if we are going to survive and have the opportunity to grow with the future.

Sincerely  
William S. Gilbert  
Norquest Seafoods  
Cordova, Alaska  
99574

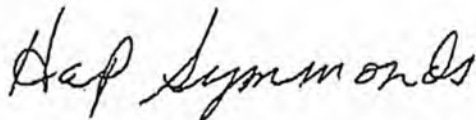
**OCEAN BEAUTY**  
SEAFOODS, INC.

Legislature of the State of Alaska:

Ocean Beauty Seafoods is the second largest non-government employer in the city of Cordova and one of only two canneries left in town. It is vitally important to lower the cost of electricity in the city of Cordova to maintain the economic viability of the processing industry. The processors in the city of Cordova are currently paying the highest electric rates of any coastal community in the state of Alaska. If rates in Cordova do not come down, it is likely that processors will ship fish to other parts of the state. Should this happen, it would have a tremendous negative impact on an already fragile economy.

H.B. 175 is a very important for financing the Power Creek Hydroelectric Project. The seafood industry is the largest private employer in the State of Alaska. The largest number of Limited Entry Permit holders in the state live in the city of Anchorage. Nearly all of the transportation, support, and supply companies are also located in the city of Anchorage. I would ask you for your support on this vital bill, to help finance this project.

Sincerely



Hap Symmonds  
Ocean Beauty Seafoods  
Cordova, Alaska



ST. ELIAS/CORDOVA FACILITY

P.O. BOX 548 • CORDOVA, ALASKA 99574 • (907) 424-7171 • FAX (907) 424-5514  
P.O. BOX 70738 • SEATTLE, WASHINGTON 98107 • (206) 285-8800 • FAX (206) 286-2581



P.O. Box 158 • Cordova, Alaska 99574

Phone: (907) 424-3721 • 1-888-622-1197 • Fax: (907) 424-7435

E-mail: crscdv@eagle.ptialaska.net • www.copperriverseafood.com

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To: The Legislature of the State of Alaska

RE: House Bill No. 175

To whom this may concern,

We at Copper River Fine Seafoods Inc. speak in favor of House Bill No. 175. This piece of legislation would be of great benefit not only to the city of Cordova but also to Copper River Seafoods. This Bill if passed would help Cordova with its hydroelectric project at Power Creek. It would give Copper River Seafoods opportunity to save in energy costs, and give us a greater edge in the market place. This Bill would also save the city of Cordova from high shipping, storage, labor, and fuel costs. In addition to the savings to Cordova, this will result in a direct reduction in the annual amount of Power Cost Equalization that the State pays to keep the cost of power down in Cordova. The life of this Hydro Plant will be five times that of any diesel generation. This will also help reduce in pollution to the air caused by diesel fuel emissions. If the State Legislature fully funds the requested amount, Cordova is prepared to forego the future participation in the PCE program, giving the state full pay back in less than ten years. This would free up funds for other rural communities. I ask that you consider these benefits when you vote on House Bill No.175.

Thank You,

*W.A. Bailey III*

William A. Bailey III President



Alaska State Legislature  
House of Representatives

March 30, 2001

Re: House Bill No. 175  
Cordova Power Creek Hydropower Project

Dear Sir or Madam,

Cannery Row is located in Cordova's Waterfront Historical District. The district is a microcosm of Cordova's past economy and modern businesses including B&B, café, woodworking shop, marine storage, warehouses, docks, cold storage and seafood plant. Cordova, like many small Alaskan Coastal Communities has had a difficult time during the changing economy of recent years. In our effort to diversify, we have attempted to introduce new ventures into the mix to augment our small fish processing plant.

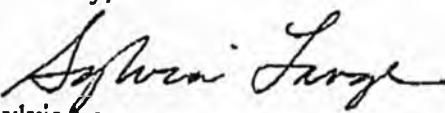
The success or failure of any such diversity scheme relies on a solid base around which the smaller enterprises can develop. The fishing industry provides Cordova, and Cannery Row as well, this most essential economic base.

The industry has also changed with the times. We pride ourselves in having created a world renowned "niche" market, and the name Copper River Salmon has become our flag ship product. However, the much acclaimed promise of the "value-added" market alludes us due primarily to the high cost of maintaining product in cold storage given our high electric rates. We have on our premises a one million-pound cold storage facility that is in top condition. It is economically unfeasible at the current electric rates to be turned on. It has not operated for two years. Product "in the round" goes instead to cold storage facilities in Seattle or overseas.

To maintain a product base throughout the off-season months, and create the smaller, direct-to-consumer products, would enhance our economy during the months we need it the most.

I urge you to approve House Bill No. 175, complete with funding for Cordova's much needed Power Creek Hydropower project.

Sincerely,

  
Sylvia Lange

## Native Village of Port Graham

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PORT GRAHAM VILLAGE COUNCIL  
P.O. BOX 5510 • PORT GRAHAM • ALASKA 99603-5510  
907-284-2227 FAX 007-284-2222

March 30, 2001

Lisa Murkowski, Chair  
Alaska State Legislature  
House Labor and Commerce  
State Capitol  
(MS 3100) Room 17  
Juneau, Alaska 99801-1182

Dear Lisa Murkowski,

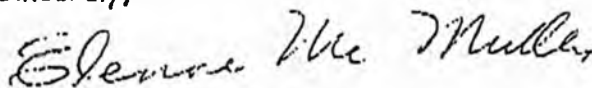
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The Village of Port Graham is highly dependent upon the electric service Homer Electric provides to light and heat our community centers, school, homes and businesses. Life would be dramatically changed if we were to experience a significant decline in service, or a large rate increase. Unless funding is obtained to assist with the cost of this project, living conditions in our community will be severely impaired.

This project is essential to our community's growth and welfare. We urge you to support Homer Electric's request for funding the Seldovia, Port Graham, Nanwalek Regional Power Project.

We know we can count on your support.

Sincerely,



Elenore McMullen,  
First Chief



# Regional Power Project

Seldovia ~ Port Graham ~ Nanwalek

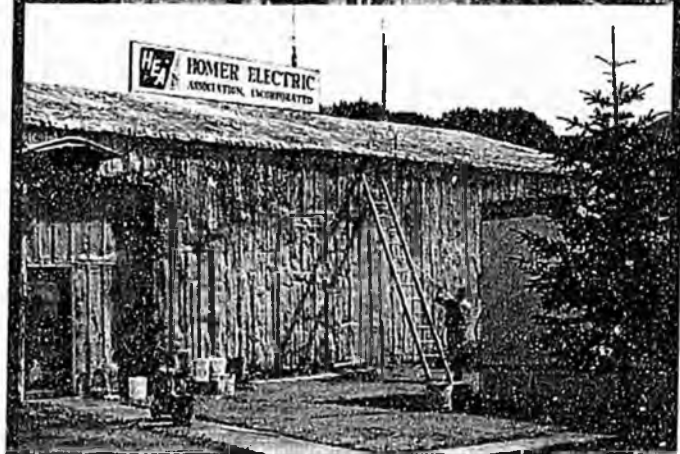


### Homer Electric Facts

- Founded in 1945
- 17,650 member-owners
- 24,766 meter locations
- 2,270 total miles of energized line
- 7.7 members per mile of line
- 10.9 meters per mile of line
- 3,000 square mile service area (approximately)

Since its inception in 1945, the member owned Homer Electric cooperative has been true to its mission statement, "To provide reliable, competitive utility services to our consumer-owners." HEA's service territory includes the remote location of the south side of Kachemak Bay. Affordable power in rural areas is essential to maintaining a quality of life proportionate to Alaska's urban communities.

The Seldovia, Nanwalek, Port Graham Regional Power Project is no small task, but is essential for the well being of the people and future generations of those who call these Alaskan communities home. Without financial assistance, these remote communities would experience rate increases essentially stifling their economic future and burdening all residential consumers of the Kenai Peninsula. Our quest is to keep the power on, reliable, & affordable.



The livelihoods and future economic development of the rural communities of Seldovia, Port Graham, and Nanwalek, are highly dependent upon continuation of a reliable and affordable electric energy source.

The underwater submarine cable, spanning 3.8 miles across Kachemak Bay, is now over 25 years old, well beyond its 20 year manufactured useful life. The outside covering has been breached allowing erosion. This cable is the sole source of central station power for these communities.

Additionally, four 1950 vintage, diesel generators located in Seldovia have been used to provide emergency back up power when the central station power is interrupted. This aging energy infrastructure is increasing the risk of a total system failure.

A catastrophic effect on electric rates will result if the members of HEA are forced to shoulder the \$4.8 million replacement costs of the cable and back up generators, causing a negative impact to the economy of the Kenai Peninsula.

## *ESTIMATED REPLACEMENT COSTS*

3.8 Miles of submarine cable to meet specification requirements .....	\$3,800,000.0
Installation of cable .....	\$650,000.0
Engineering, design, & permitting .....	\$350,000.0
<b>Total .....</b>	<b>\$4,000,000.0</b>

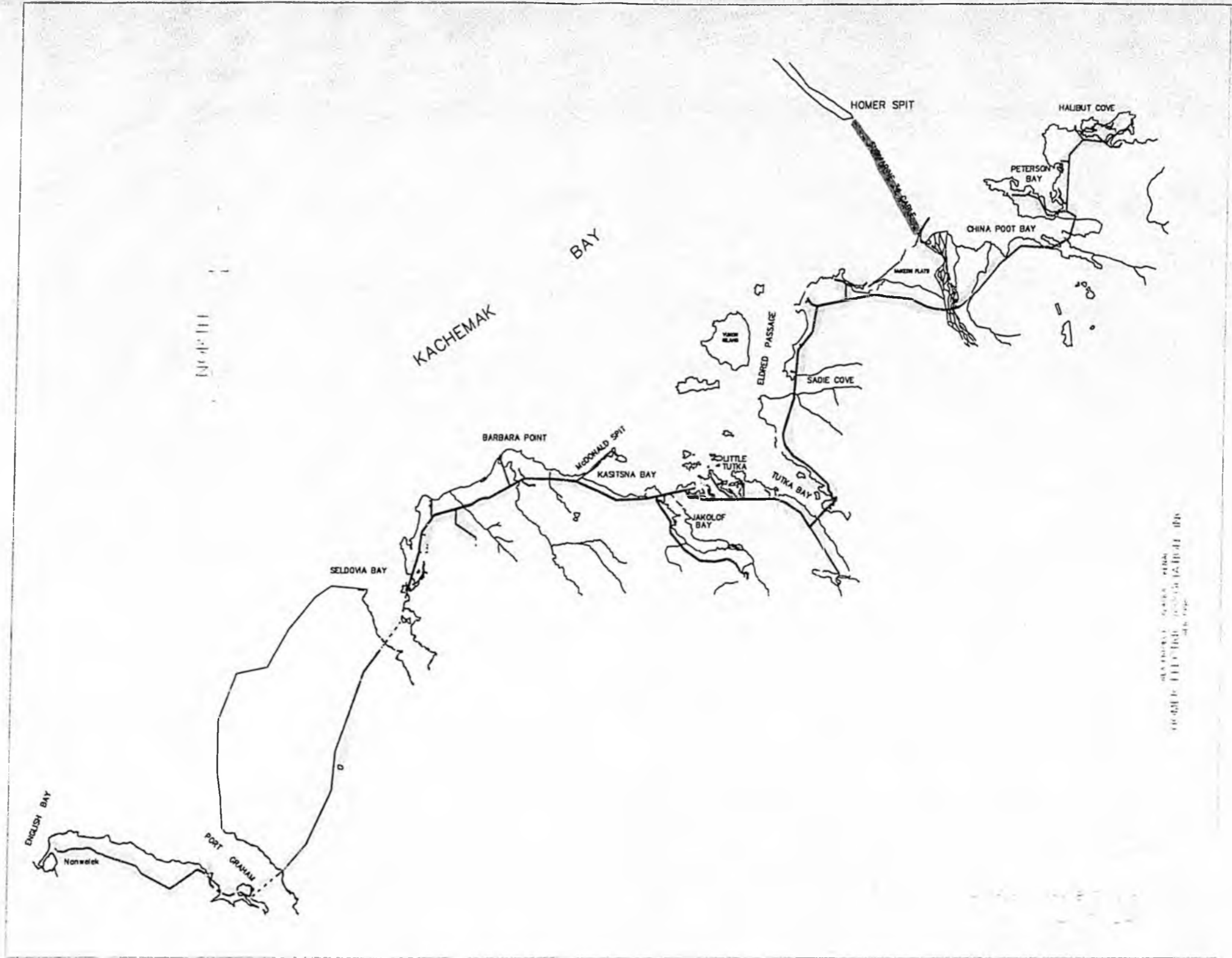
## *SELDOVIA GENERATION FACILITY REPLACEMENT*

4 Remote starting 500kW Diesel generators .....	\$600,000.0
Construction of building & fuel holding tanks .....	\$120,000.0
Engineering & design .....	\$80,000.0
<b>Total .....</b>	<b>\$800,000.0</b>

### **Rate Impact**

**If project costs allocated 50% to S. Kachemak Bay Consumers  
& 50% to total System:**

Annual Operating Expenses for Generation & Cable Replacement	605,598
To North Kachemak Bay Consumers	302,799
HEA Energy Sales North of Kachemak	345,538,014
Cents/kWh impact	<b>0.088</b>
To South Kachemak Bay Consumers	302,799
S. Kachemak Energy	6,091,274
Cents/kWh increase to S. Bay Customers	<b>4.971</b>



U.S. GEOLOGICAL SURVEY  
WATER RESOURCES DIVISION  
BOSTON, MASSACHUSETTS  
1964

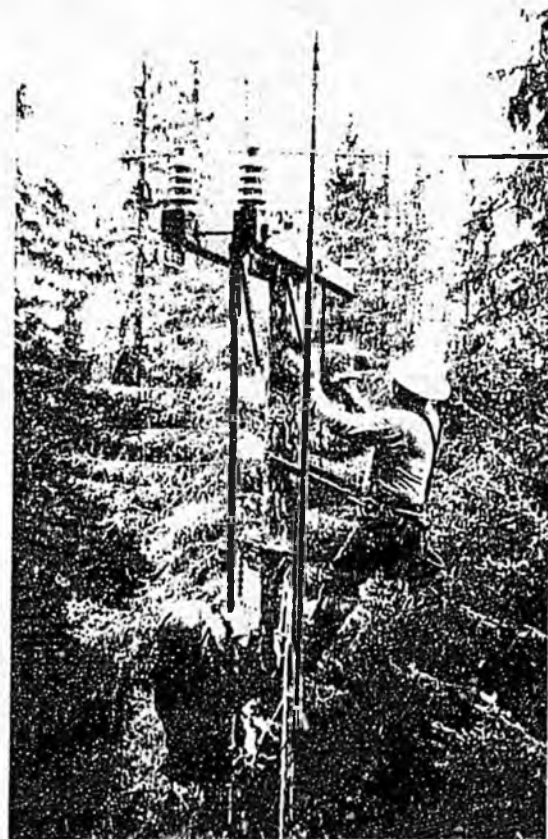
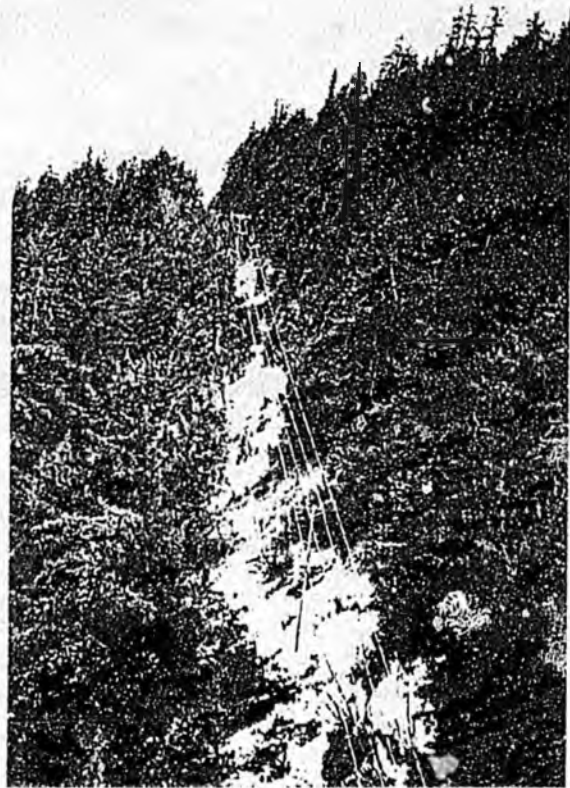


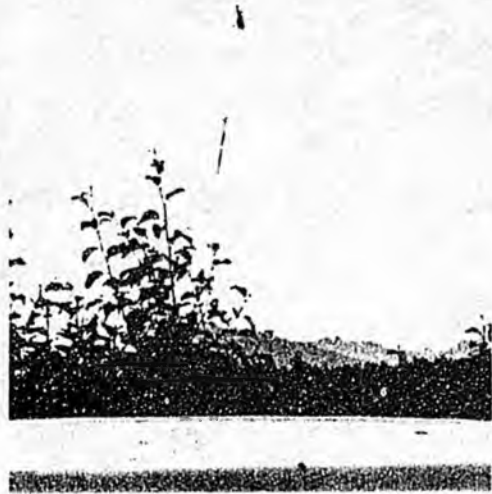
703 W. Tudor Rd., #200  
Anchorage, AK 99503  
(907) 561-6103  
FAX (907) 561-5547

Electric Service for 300,000 Alaskans

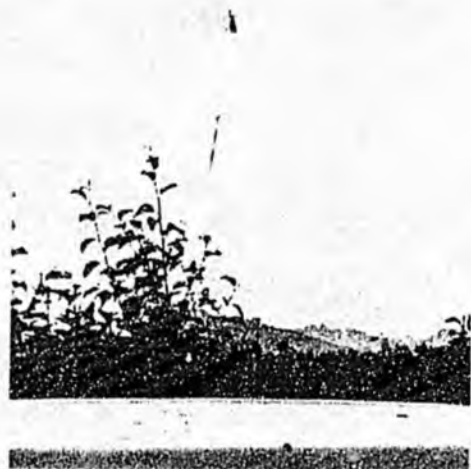
FIRST CLASS

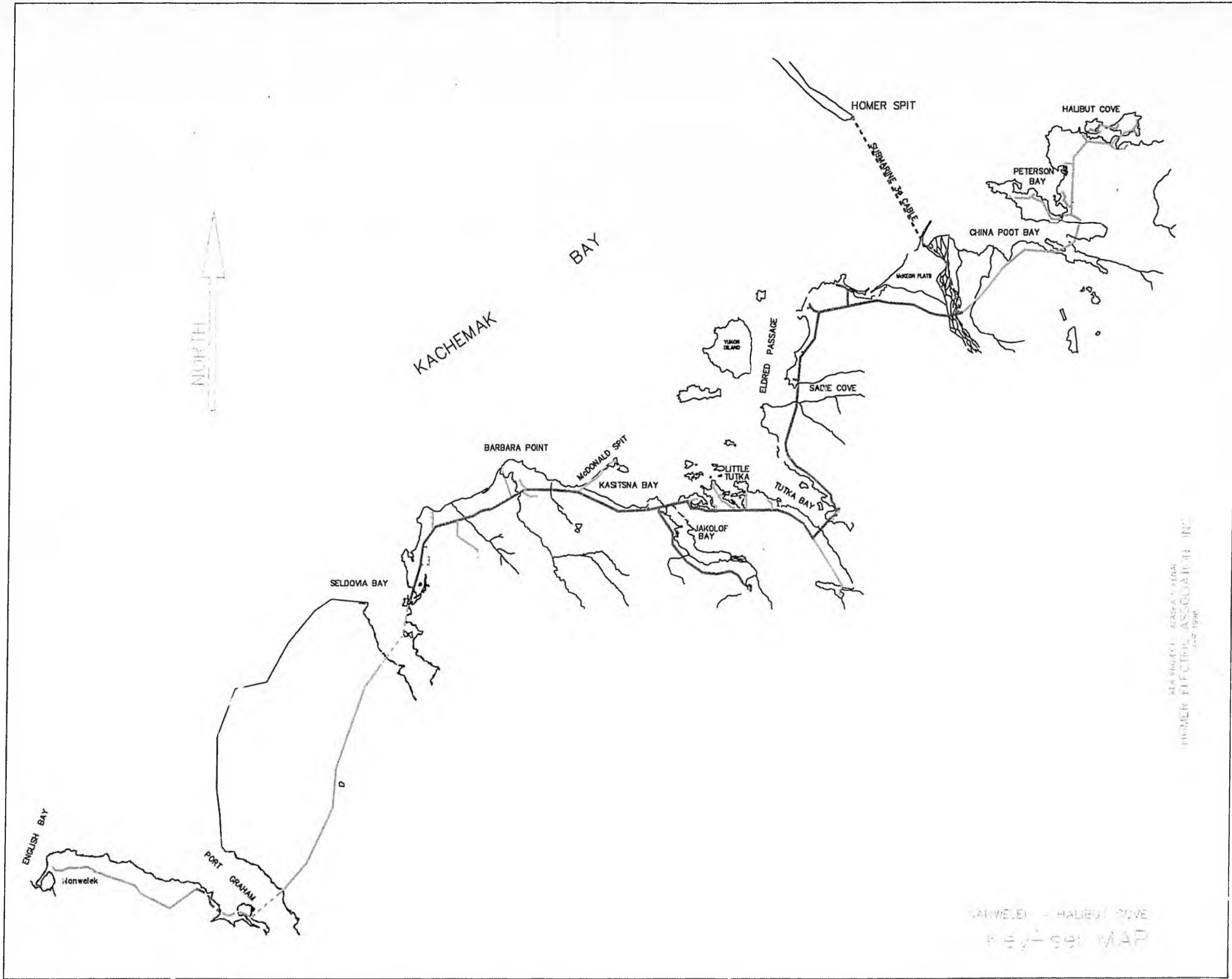
Seldovia, Port Graham  
Nanwalek  
Regional Power Project











SEA PHOTOGRAPHY ASSOCIATION  
 HOMER FISCHER ASSOCIATION INC.  
 1967 1968

VANWELEK - HALIBUT COVE  
 Bay - sea MAP



703 W. Tudor Rd., #200  
Anchorage, AK 99503  
(907) 561-6166  
FAX (907) 561-5547

Electric Service for 300,000 Alaskans

FIRST CLASS

Seldovia, Port Graham,  
Nanwalek  
Regional Power Project



March 30, 2001

Representative Lisa Murkowski  
Chair, House Labor and Commerce Committee  
Alaska State House of Representatives

RE: House Bill 175

135 STERLING HWY

P.O. BOX 541

HOMER, AK 99603

907/235-7740

FAX/235-8766

Dear Representative Murkowski:

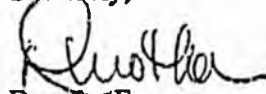
The Homer Chamber of Commerce is writing to encourage your support of funding for a very needed power project in Kachemak Bay. The funds being requested would make it possible for Homer Electric Association to replace an aging submarine cable that is the sole source of electric power to the communities of Seldovia, Port Graham and Nanwalek.

It has recently been established that the underwater electric cable that crosses Kachemak Bay and provides central station power to the communities across the Bay is badly deteriorated and failure is imminent. The cable is over 25 years old and has outlived its manufactured useful life. Without funding for this project, costs of the replacement of the cable will be passed on in part to the users across the bay, making the power rate hike which could have a significant impact on the residents of those communities. With the support of the House Labor and Commerce Committee, we feel confident that the request for funding would have better opportunity for approval from the Federal decision makers, State legislators and the Denali Commission.

Uninterrupted and affordable power is critical to the success of any business, but even more so to those not on a road system. The communities across the bay rely heavily on fax machines, credit card machines and internet to support their businesses. Any interruption of power or major rate hike could drastically impact the health of a business during the brief window of opportunity . . . the 90 days of summer. Any interruption of power or major rate hike could also drastically impact the well-being of many residents of those towns, regardless of their business status.

Thank you for your time and consideration on this matter. We need your blessing of this request, and are counting on you to assist us in this very urgent time of need.

Sincerely,

  
Derolita Ferraro  
Executive Director

CELEBRATING  
THE PAST,  
BUILDING  
FOR THE FUTURE

**Public Testimony****Cheesh-na Tribal Council**

Cheesh-na Tribal Council would like to speak in support of the proposed Tok /Chistochina Transmission Intertie. The community of Chistochina is spread out along the Tok Cutoff, from about Mile 31 to Mile 38. Currently, power is provided through Alaska Power & Telephone only to residents from Mile 32 to Mile 34.

This intertie will benefit the community of Chistochina and the businesses located in Chistochina by bringing lower and more affordable cost of electricity. Currently we have two major non-profit tribal offices, a school, church and a duplex with 6 apartments and three local businesses, along with the individual homes. We have several homes that generate electricity by utilizing generators. Lower costs will promote economic development for our community and for private entrepreneurs. We are limited now due to the size of our generator capabilities, if we grow anymore then a bigger generator will need to be brought in thus creating the need for more local maintenance. Our power supply would be more reliable then it is now, as we are currently experiencing problems with power fluctuations. Public Safety will be improved because we would then have a system that is in compliance with the National Safety Code.

The last issue that this intertie would promote is more development on private lands for private homeowners. As it is now, the cost of building a home and then to provide your own power is much too expensive for many individuals. If power were readily available, more people would develop their private lands.

Thank you for your time and we urge your support of this Intertie for Chistochina and Tok.

Elaine Sinyon  
Tribal Administrator  
Cheesh-na Tribal Council  
(formerly Chistochina Village Council)

Public Testimony

Northwind Enterprises  
Ernie Charley

I, Ernie Charley, owner of Northwind Enterprises would like to speak in support of the proposed Tok /Chistochina Transmission Intertie. My business is located in the community of Chistochina, which is spread out along the Tok Cutoff, from Mile 31 to Mile 38. Right now, we get power through Alaska Power & Telephone.

This intertie will benefit me and the community of Chistochina as I can expand my business; my business is limited by due to cost of expenses for Electricity. Also, by expanding my business, I can provide lower and more affordable cost of services. Having owned a private generator and having a business, I know the high cost of expenses while developing and promoting economic development. Lower costs of electricity will promote economic development for our community and me. Our current power capabilities are limited in size, and thus our equipment doesn't have stable power due to power fluctuations.

Public Safety will be improved because we would then have a system that is in compliance with the National Safety Code. An intertie will be more reliable for all users; we wouldn't be fragmented, as we are now.

I currently have property that is located out of the service area for power now, I would develop more on this land if I had access to power, now that is limited as I cannot afford to provide my own power.

Thank you for your time and we urge your support of this Intertie for Chistochina and Tok.

Ernie Charley  
Owner





**Cordova Electric Cooperative, Inc.**

P.O. BOX 20 • CORDOVA, ALASKA 99574 • (907) 424-5555 • FAX (907) 424-5527

March 28, 2001

House of Representatives  
State Capitol  
Juneau, AK 99801-1182

Dear Sir or Madam Representative:

I appeal to you as a concerned Alaskan. The community of Cordova needs your help to stabilize the local cost of energy. Support of House Bill 175, a bill allocating funding for the Power Creek Hydroelectric Project in Cordova, will accomplish this.

I have lived and worked in Alaska since the age of 5. I earned my electrical engineering degree at the University of Alaska at Fairbanks, and worked at Kodiak Electric as staff engineer immediately after. I came to Cordova Electric Cooperative nearly 3 year ago because I had expertise to offer, and experience to gain. Those 3 years have been the most challenging of my career, but the successes have been rewarding.

Unfortunately, improved business practices, responsible stewardship of our resources, and a high level of commitment by Cordova Electric Cooperative staff are not adequate to ensure a stable energy infrastructure for this community. Cordova needs your assistance to rebuild and grow a healthy economy. Your investment in this coastal Alaskan community will return dividends to Alaska's future.

Please feel free to call with any questions you or your staff may have regarding the Power Creek Project and how it will affect Cordova's future. I can be contacted directly at (907) 424-5026, or by email at [crkcec@ptialaska.net](mailto:crkcec@ptialaska.net), or by fax at (907) 424-5527.

Sincerely,

A handwritten signature in cursive script that reads 'Clay R. Koplín'. The signature is written in black ink and is positioned above the printed name.

Clay R. Koplín, PE

ALASKA POWER & TELEPHONE COMPANY

PO BOX 3222 - 191 - OTTO STREET  
PORT TOWNSEND, WA 98368  
(360) 385-1733 - (800) 982-0136  
FAX (360) 385-5177

MAR 26 2001

March 23, 2001

Representative Ken Lancaster  
State Capitol, Room 421  
Juneau, AK 99801-1182

Re: Energy Projects Support

Dear Representative Lancaster:

It is exciting to see your HB175 making its way through the process. I appreciate your support for the Tok to Chistochina Intertie. I've enclosed a copy of additional letters of support we've received to supplement the other letters in the information packet we gave you earlier.

I understand there is a hearing scheduled for March 30<sup>th</sup> at 3:30 PM. AP&T representatives will be available to answer any questions you may have. Please contact Cee Rowe (360-385-1733) with the appropriate phone number and time to call to patch into the hearing. Cee will be coordinating things from our end.

On behalf of AP&T and the communities who will benefit from your efforts, thank you.

Sincerely,



Arne Sather, President  
Alaska Power Company



# United States Department of the Interior

## NATIONAL PARK SERVICE

Wrangell-St. Elias National Park/Preserve

P.O. Box 439

Mile 105.5 Old Richardson Hwy.

Copper Center, AK 99573

D50

March 8, 2001

Mr. Donald E. Mahon  
Regional Vice President  
Tok Area Division  
Alaska Power and Telephone  
PO Box 207  
Tok, Alaska 99780

Dear Mr. Mahon:

Wrangell-St. Elias National Park and Preserve is happy to provide you with this letter of support regarding the proposed powerline extension from Tok to Chistochina along the Tok Cutoff. We believe the coming of commercial, reliable power will be of significant benefit to the residents and businesses of the region. We look forward to availing ourselves of ATP service at the park offices and residences in the Slana area.

As we've frequently discussed during the planning process for this powerline, Wrangell-St. Elias has specific concerns that you've assured us will be addressed in ATP's planning and construction activities. These include the siting of the powerline on the north side of the Tok Cutoff and not adversely impacting the view from the highway of the parklands to the south. The National Park Service also wishes to avoid rights-of-way across its lands to the greatest degree possible, though we will consider residential and business service ROWs across park lands on a case by case basis. Further, as we spoke about late in February, we are seeking a solution to the Four-Mile Road right-of-way and maintenance issues off of the Nabesna Road, and would like to have a plan in place, if not executed, in that location prior to ATP utilizing the road for powerline purposes.

We look forward to working with ATP to make power a reality for the residents and businesspeople along the Tok Cutoff. Please be assured of our support and encouragement for the project, and our willingness to work with you to make the plan into a reality.

Sincerely,

Gary Candelaria  
Superintendent

February 16, 2001

Don E. Mahon  
Regional Vice President  
Alaska Power & Telephone  
P. O. Box 207  
Tok, Alaska 99786

Dear Mr. Mahon:

Copper Valley Telephone Cooperative (CVTC) was very excited to hear about your plans to construct a power distribution line from Tok to Chistochina.

As you know CVTC provides communications services along the Tok Cut Off Highway from Mentasta Village to Gakona Junction Village, and access to reliable commercial power is an important consideration when selecting communication sites. Until your expansion into the Mentasta and Chistochina areas 10 years ago our site selection was very limited.

Currently we have two sites located along your proposed route that receive power via auxiliary generators. One of the sites is owned by CVTC and maintained in part by AP&T. The second site is located near Slana where CVTC purchases power from the State of Alaska provided by their generator system.

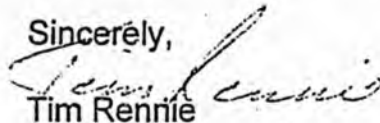
The existing service provided by AP&T to CVTC in Mentasta and Chistochina has allowed us to provide a much better quality of service to our member/owners in those areas.

We look forward to the completion of your project and the benefits it will bring to Copper Valley Telephone Cooperative Inc. and our customers living in those areas that are currently unserved by commercial power.

Mahon letter  
February 16, 2001  
page two

Again thank you for taking time to visit with me about your project. If I can be of any assistance as you move forward please do not hesitate to call me. I can be reached at 907-835-2231.

Sincerely,



Tim Rennie  
General Manager

cc: Dirk Rietveld  
Glennallen Superintendent

Mentasta Traditional Council  
P.O. Box 6019  
Mentasta Lake, AK. 99780  
PH (907) 291-2319 or 291-2328  
Fax (907) 291-2305

February 20, 2001

Alaska Power & Telephone  
P.O. Box 207  
Tok, Ak. 99780

Attn: Don Mahon

The Mentasta Traditional Council is in support of AP&T running a power cable from Tok to Chistochina. This would be very beneficial to us, because it would cut our electric cost by 40%, be able to carry more development in our community, such water and sewer, bring electricity to our tribal members that live on the highway, and be more cost effective for our low income families.

If there are any questions or concerns, please call our office.

Sincerely,



Kathryn Martin  
Tribal Administrator

# AHTNA



INCORPORATED

22 February 2001

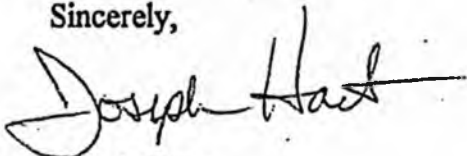
Don Mahon, General Manager  
Alaska Power and Telephone  
P.O. Box 207  
Tok, Alaska 99780

Dear Don:

Ahtna, Inc. is in full support of AP&T's efforts to run power from Tok to Mentasta and Chistochina. This type of an inter-tie project has far reaching benefits to our shareholders that live in these villages. Stable electricity service and costs will promote economic development in these villages.

I hope that the goal would be to tie in to Copper Valley Electric Cooperative's power grid between Chistochina and Gakona. This would allow for development from Glennallen to Tok. Ahtna, Inc. will support AP&T's efforts to obtain the funding for this essential project

Sincerely,



Joseph Hart  
Land and Resource Manager

JH/tak

cc: Ahtna Land Committee  
Georgiana Lincoln  
Carl Morgan  
John Harris



# Copper Valley Electric Association, Inc.

P.O. Box 45 • Glennallen, Alaska 99588 • Telephone: 907-822-3211 • Facsimile: 907-822-5586 • Valdez: 907-835-4301

April 2, 2001

E-mail: wilkinson@cvea.org

Representative Lisa Murkowski  
House Labor & Commerce Committee  
Room 17 Capitol, MS 3100  
Juneau, Alaska 99801-1182

Sent via facsimile

**SUBJECT: House Bill 175**

Dear Representative Murkowski:

Thank you for the opportunity to provide oral and written testimony to the Committee on Copper Valley Electric Association's request included in House Bill 175.

Development of cost-effective energy projects is of great importance to Alaska as well as to the Copper Basin and Valdez regions.

Your support of CVEA's request will fulfill the commitment made by the 18<sup>th</sup> Alaska Legislature to lower electrical rates for the region.

In pondering the definition of the Railbelt, I have enclosed an interesting exhibit from the CH2M Hill Industry Restructuring Study commissioned by the 21<sup>st</sup> Alaska Legislature.

Thank you for your support of Copper Valley Electric Association.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Wilkinson".

Robert A. Wilkinson  
Chief Executive Officer

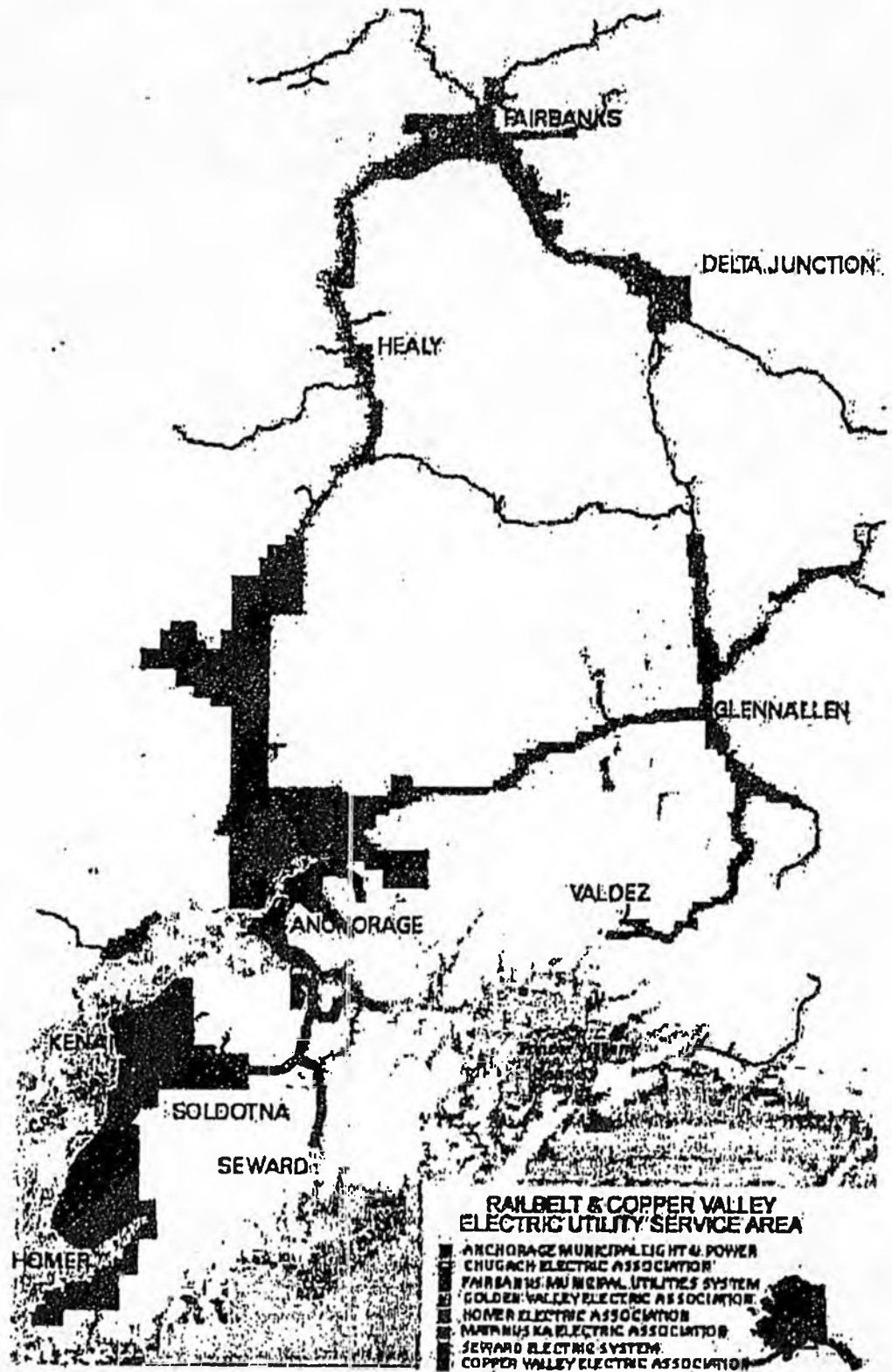
Enclosure

\\glennsrv\support\word\legislative\01-046nh.doc

CVEA's Mission: Be the energy supplier of choice.

Goals and Objectives: Reduce power cost to Customers, Increase energy sales, Develop new income producing products and services, and Build member relations through Customer satisfaction and grassroots support.

FIGURE 1.2  
Alaska Railbelt Service Area





Corporate Office  
3977 Lake Street  
Homer, Alaska 99603-7680  
Phone (907) 235-8551  
FAX (907) 235-3313

Central Peninsula Service Center  
280 Airport Way  
Kenai, Alaska 99611-5280  
Phone (907) 283-5831  
FAX (907) 283-2394

**TELEFAX COVER SHEET**

DATE: 4/3/01  
TO: Representative Lisa Murkowski  
COMPANY: Chair, Labor & Commerce Committee  
FAX #: \_\_\_\_\_ PHONE#: \_\_\_\_\_  
FROM: (Kenai FAX# (907) 283-7122)

- N. L. Story, General Manager
- Sandra J. Ghormley, Manager of Marketing & Member Relations
- George P. Bowen, Manager of Operations
- Terri Minnamon, Administrative Assistant
- \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Number of pages (including this page) 3

Hard copy to follow by mail.

We are using a Xerox Pro 745. If you do NOT receive all the pages, please contact the sender at telephone (907) 283-5831 or (907) 283-2307.



## Homer Electric Association, Inc.

**Corporate Office**  
3977 Lake Street  
Homer, Alaska 99603-7680  
Phone (907) 235-8551  
FAX (907) 235-3313

**Central Peninsula Service Center**  
280 Airport Way  
Kenai, Alaska 99611-5280  
Phone (907) 283-5831  
FAX (907) 283-2394

April 3, 2001

Representative Lisa Murkowski  
House of Representatives  
State Capitol, Room #406  
Juneau, Alaska 99801-1182

Dear Representative Murkowski:

Once again, thank you for the opportunity to testify in support of House Bill 175 last Friday. Reflecting on the hearing and my testimony, I may have skimmed too quickly over several very important points that can be of value to you in making a decision to pass this bill.

- There is only one source of central station power to 700 consumers and communities south of Kachemak Bay. The people are highly dependent upon an underwater cable that has reached the end of its useful life. The 60 miles of overhead power lines linking the communities thread through densely wooded forests now infested with spruce bark beetles. The need for funding the replacement of the underwater cable and back-up generators is urgent and critical.
- For many years since the economic downturn of the fishing industry, the general HEA membership has heavily subsidized the cost of sustaining service to these communities. A preliminary cost of service study revealed that these communities should be paying \$.20 per kWh as opposed to \$.115 per kWh as they do today.
- The people in these communities are already doing their part to keep electric costs down. The typical residential usage is 439 kWh per month as opposed to consumers North of Kachemak Bay who use an average of 650 kWh per month.
- The economies of the villages are very fragile. Most do not have an economic base whatsoever since the decline of the fishing industry. If they are to recover and once again to be self-sustaining, they must have affordable electric power. They do not have the ability to endure a rate increase and the results could be catastrophic.
- Electric service is critical to the future well being of these communities. Without it, vital services such as distance learning and telemedicine will not be available.
- Power outages and system failures in south Kachemak Bay have increased 15% from 1999 to 2000.

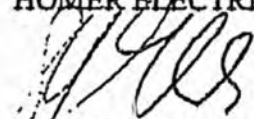
- Homer Electric has not received funds from any source thus far to defray the cost of this project.
- Finally, this project clearly matches the original intended use of the Railbelt Energy Fund. It makes good use of these public funds as it directly benefits several Railbelt communities and supports the power infrastructure.

I hope this additional information will provide you the clarity needed for your unequivocal support of HB175.

Call me if you have questions.

Sincerely,

HOMER ELECTRIC ASSOCIATION, INC.



Sandra J. Ghormley  
Manager of Marketing & Member Relations

James R. Kvasnikoff  
P.O. Box 8006  
Nanwalek, AK 99603  
(907) 281-2229  
e-mail: [carol@ptinlaska.net](mailto:carol@ptinlaska.net)

April 4, 2001

Alaska State Legislature  
State Capitol Building  
(MS 3100) Room 13  
Juneau, AK 99801-1182

I am writing to you in regards to the importance of House Bill 175, and specifically the Homer Electric Associations proposal. I understand it is in Committee Hearing today at 3 pm. I am asking for your support of this bill to provide a more stable service of electricity to our village. Many times throughout the year we have interrupted power, some times it is just for a few moments and have been as long as a day to five days.

I was surprised to hear this fund has been there since 1993(?) and accumulated interest to date. Last Friday I gave testimony in support of the bill, but I neglected to stress an example of importance. Currently I sit on our Tribal Council as 2<sup>nd</sup> Chief, and as manager of our local grocery store. A need for continued power is vital in Nanwalek at an affordable rate, because of our local economy, the jobs are scarce, and it can at most times be seasonal (based on commercial fishing or fisheries). We are not on the highway system; the only way in and out of Nanwalek is by air or boat, "weather permitting". Currently our source of electricity is an important role in patient care, home heating, and many others. Before my father, Vincent Kvasnikoff, Sr., Chief of Nanwalek, passed away, result of diabetes, he was on the Home Choice care unit; (a machine that does the work for the kidneys), relied on the electric supply to maintain his life. Nanwalek being in an isolated remote place, lights play a big role, in daily living, plain eyesight, and entertainment.

Homer Electric Association needs to replace a 20-year-old submarine cable between Homer and Seldovia (our vital source of energy) because it is corroding and is getting brittle. We are asking, and encouraging, you to support HB 175 and fund this project.

This money would help this particular project because;

- 1) Prevention of food poisoning (we need refrigeration)
- 2) Help keep costs low with electricity and affordable
- 3) Help with life support if and when needed (remember we are not on the road system and the only medivacs at night is with the Coast Guard).
- 4) Help sustain the need for a higher demand of energy assistance.

We greatly appreciate your attention and assistance on this bill. Please share this information.

Sincerely,

James Kvasnikoff

*Yafel 4-7-01  
7:50pm*



# Alaska State Legislature

Please enter into the record my testimony to the House Labor & Commerce Committee  
committee name

Committee on HB 175 / Power Projects, dated April 6, 2001

Madam Chair and Committee Members,

The City of Seldovia urges your support of HB 175. The projects listed in this bill are all important to areas of our state. Our particular interest is with the portion pertaining to Homer Electric Association for the Seldovia/Port Graham/Nanwalek regional power project. This project is vital to public safety and economic viability to the 900+ residents and 30,000+ visitors on the south side of Kachemak Bay.

The current underwater cable that supplies our area with power is past its designed life span now and has been breached. It's not a matter of will the cable fail but when. This is a critical project for this area.

The current generation plant located in Seldovia has 4 aging generators. With the spruce bark beetle infestation, power outages will only increase over what we experience now. This local generation plant is capable of providing power all the way back to across the underground cable to Homer Spit and across to the villages of Port Graham and Nanwalek as well. Without this plant, areas on this side of the bay have the potential to be without power for days to weeks. Depending on what portions of the power lines go down, and in some cases entire remote sections as has happened in the past we could be without power for months without this local plant.

The City hosted an economic development forum here yesterday for the communities on the south side of Kachemak Bay with the focus on infrastructure needs. It was unanimously agreed by all in attendance that reliable, cost-effective power was a priority for public safety, current and future economic development and survival in our communities.

We are very concerned now that this has become a loan versus a grant to fund these projects. The residents here cannot afford the rate increases that would be passed on to the consumer to pay for these vital portions of the electrical generation and delivery infrastructure to this area. With the struggling economic base and high rate of seasonal employment on this side of the bay, additional rate increases will have a severe detrimental effect on residents and businesses alike.

The City of Seldovia and residents on the south side of Kachemak Bay appreciate and depend upon your support. Thank you.

Signed:

*Susan H. Hecks*

Susan H. Hecks, Mayor

Testifier

City of Seldovia

Representing (optional)

P O Drawer B, Seldovia, AK 99663

Address

(907) 234-7643

Phone number